



City of Miami Beach  
**Request for Proposals**  
Community Development Block Grant (CDBG)  
Fiscal Year 2011/2012

**DEADLINE: FRIDAY, APRIL 8, 2011, 5:00 P.M.**

**PLEASE NOTE**

Only completed applications will be accepted until the time and date above. The responsibility for submitting a proposal before the stated time and date is solely and strictly the responsibility of the applicant. The City is not responsible for delays encountered during submission.

City of Miami Beach  
Office of Real Estate, Housing and Community Development  
555 17<sup>th</sup> Street  
Miami Beach, FL 33139  
(305) 673-7260 Phone  
(305) 673-7772 FAX  
[www.miamibeachfl.gov](http://www.miamibeachfl.gov)



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## **City of Miami Beach**

### **City Commission**

Matti Herrera Bower, **Mayor**  
Deede Weithorn, **Vice Mayor**  
Jorge Exposito, Commissioner  
Michael Gongora, Commissioner  
Jerry Libbin, Commissioner  
Edward L. Tobin, Commissioner  
Jonah Wolfson, Commissioner

### **City Administration**

Jorge M. Gonzalez, **City Manager**  
Hilda M. Fernandez, Assistant City Manager  
Jorge Gomez, Assistant City Manager  
Robert C. Middaugh, Assistant City Manager

### **Office of Real Estate, Housing and Community Development**

Anna Parekh, Director

## **PRIORITIES FOR FISCAL YEAR 2011/2012**

### **BACKGROUND**

The City of Miami Beach is an entitlement grantee of federal funds. It receives an annual allocation of funding from the Community Development Block Grant (CDBG) program as well as the Home Investment Partnership (HOME) program which are both made possible through the U.S. Department of Housing and Urban Development (HUD). The City is entitled to these funds because its population, housing, and/or demographic characteristics meet the formula requirements needed to obtain funding.

HUD requires the City complete a five-year Consolidated Plan that includes a housing assessment, market analysis and assessment of community development needs. The Consolidated Plan is meant to address the needs of low and moderate income persons and families, including homeless individuals. It establishes the City's program priorities, goals and objectives for community development programs and sets the framework for subsequent one year action plans that describe specific activities that will be funded through the City's grant programs.

As an entitlement grantee, the City develops its own programs and funding priorities. However, it must give maximum feasible priority to activities which:

- ⇒ Benefit low and moderate income persons and households;
- ⇒ Aid in the prevention of elimination of slums or blight; or
- ⇒ Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community. Urgent needs must have no other financial resources available to meet such needs.

### **IDENTIFIED PRIORITIES**

In order to guide outside agencies that are seeking funding, establish parameters for the project selection process, and enable success in project implementation, the following broadly defined priorities and operational imperatives have been established in the City's 2008 - 2012 Five-Year Consolidated Plan.

#### **Priorities**

- ✧ Affordable housing and compliance with Equal Opportunity and Fair Housing Laws in the City of Miami Beach
- ✧ Services to provide support to the homeless population and to persons at risk of becoming homeless.
- ✧ Public services for low/moderate income residents to provide affordable child care, youth programs, senior programs, programs for persons with disabilities and assistance as needed to threats to public health, safety or welfare.

### Priorities (continued)

- ✧ Minimize displacement, job creation/retention, ensure adequate benefits, encourage private development, and provide planning and administrative support.
- ✧ Revitalize neighborhoods, remove architectural barriers, eliminate slum and blighted conditions, and encourage the preservation of historic structures.

In order to ensure accountability and the judicious use of finite, public resources, the following operational imperatives have been established in the Five-Year Consolidated Plan:

### Operational Imperatives

- Recipient organizations must have acceptable past and/or current performance on City-funded projects.
- Activities will not be funded unless the organization has developed realistic cost estimates and timelines, and demonstrated past financial stability.
- Organizations requesting funds will be expected to have sought funding from other appropriate sources before applying for CDBG funds.
- Activities in which organizations request funds for salaries will be given a reduced priority unless it can be demonstrated that future salary needs will be committed from other sources. **(Organizations requesting funds for administrative costs are expected to demonstrate that leverage funds are provided from other sources.)**
- Program recipients (non-profit organizations, etc.) will be expected to provide matching funds and/or otherwise participate in the cost of their project.
- Housing development and property improvement programs are expected to use quality, long-lasting methods and materials that require a minimum of maintenance or upkeep.
- The cost of providing housing or services will be considered in evaluating proposals.

Further priority is assigned to those established community needs for which there is currently insufficient assistance. It is anticipated that the number of requests for funding will exceed available funding. The following activities address priority needs:

| Non-Housing Activities   | Housing Activities  | Homeless Activities   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Child Care Services</li> <li>• Employment Training</li> <li>• General Public Services</li> <li>• Health Services</li> <li>• Senior Programs &amp; Services</li> <li>• Services to Persons with Disabilities</li> <li>• Youth Programs</li> <li>• Economic Development</li> <li>• Public Facilities and Improvements</li> <li>• Repayment of Section 108 Loan Principal</li> </ul> | <ul style="list-style-type: none"> <li>• Acquisition and Disposition</li> <li>• Fair Housing Activities</li> <li>• Multifamily Housing Rehabilitation</li> <li>• Owner-Occupied Rehabilitation</li> <li>• Direct Homeownership Assistance</li> <li>• Code Compliance</li> </ul> | <ul style="list-style-type: none"> <li>• Emergency Shelter/Transitional Housing</li> <li>• Homeless Prevention</li> <li>• Outreach</li> </ul> |

## GENERAL INFORMATION

### AVAILABLE FUNDING

This Request For Proposals (RFP) anticipates the availability of Community Development Block Grant funds from the U.S. Department of Housing and Urban Development. ***The actual amounts for FY 2011/12 are subject to change, depending on final funding reallocations from the U.S. Department of Housing and Urban Development.***

The following are estimated funding levels by category:

| <b>City of Miami Beach Community Development Block Grant<br/>2011 – 12 Estimated Entitlement</b> |                                  |
|--|----------------------------------|
| <b>Competitive Funding Categories</b>  | <b>Estimated Available Funds</b> |
| Public Services (Limited to 15% by HUD)  | \$ 260,501                       |
| Housing, Rehabilitation and Public Facilities Improvements                                       | \$ 828,839                       |
| <b>Estimated Total Competitive Funds</b>   | <b>\$1,089,340</b>               |
|  |                                  |
| <b>Non-Competitive Funding Categories</b>  |                                  |
| Section 108 Loan Repayment   | \$ 210,000                       |
| Code Enforcement   | \$90,000                         |
| Planning and Administration  | \$ 347,334                       |
| <b>Estimated Non-Competitive Funds</b>   | <b>\$647,334</b>                 |
| <b>Total Estimated Allocation</b>  | <b>\$1,736,674*</b>              |

\*Assuming 7.5% reduction

### DETERMINATION OF APPROPRIATENESS

Prior to the preparation of a request for funding, applicants are strongly advised to determine if the proposed activity or project is an eligible activity as defined by HUD regulations. A summary of HUD regulations applicable to the use and administration of Community Development Block Grant funds is included herein as Appendix 1.

Proposals failing to meet established National Objectives or determined to be ineligible under other applicable CDBG regulations will not be considered for funding.

### DEADLINE FOR SUBMISSION

Responses to this Request For Proposals are due Friday, April 8, 2011 at 5pm at:

Office of Real Estate, Housing & Community Development  
555 – 17<sup>th</sup> Street  
Miami Beach, Florida 33155

**LATE APPLICATIONS WILL NOT BE ACCEPTED.**

## ELIGIBLE ACTIVITIES

### NATIONAL OBJECTIVES FOR CDBG APPLICATIONS

The **primary objective** of the CDBG program is to benefit low- and moderate-income persons who earn at or below 80% of the median income or reside in census tracts with at least 51% low and moderate-income levels (LMI). LMI income and census tract information can be found in Appendices 3 and 4.

All CDBG-funded program activities must meet ONE of the National Objectives listed below.

|                             |   |
|-----------------------------|---|
| <b>National Objective 1</b> | Principally benefits low- and moderate-income persons who earn at or below 80% of the median income. [Federal regulation citation 570.208(a)]                 |
| <b>National Objective 2</b> | Aids in the prevention or elimination of slums or blight [Federal regulation citation 570.208 (b)]  |
| <b>National Objective 3</b> | Qualifies as a certified urgent need [Federal regulation citation 570.208 (c)] Qualifies as a certified urgent need [Federal regulation citation 570.208 (c)] |

An activity that fails to meet one or more of the applicable tests for meeting a National Objective is in noncompliance with CDBG rules.

### OTHER APPLICATION FACTORS

Applicants are encouraged to develop a program that has a substantial and comprehensive effect on the needs and conditions identified in their application. The following factors should be considered before preparing an application, as they are the same factors that will be used to judge the overall feasibility of the proposal.

1. Is the proposed activity consistent with the FY 2011/12 priorities?
2. Is the proposed activity designed to supplement rather than duplicate any planned or existing activity?
3. Will the proposed activity require additional funding beyond the CDBG request to fully correct the conditions and meet the needs that exist?
4. Are there other publicly or privately funded activities planned or underway that would duplicate the proposed activity?
5. Are there other financial resources available beyond those provided by CDBG that could be used to fund your proposed activity?



6. Is the proposed activity economically feasible and can be implemented in a timely, cost-effective manner within the proposed program year?
7. Will the proposed activity or program result in any involuntary displacement of individuals or is displacement a minimal part of the project?
8. Does the proposed project or activity encourage collaboration and the use of other public/private resources and/or efforts to maximize efficacy and impact?
9. Is the proposed activity or project designed to produce substantial improvements within the program year that will have long-term effects?
10. Does the budget narrative sufficiently explain all budget line items and costs per unit? Does the budget narrative sufficiently define "unit of service"?
11. Does the proposal sufficiently explain what the performance measures (or outcomes or deliverables) are for the proposed activity?

## **PROPOSAL REVIEW**

Once submitted, proposal cannot be amended unless requested or permitted by the City. The City, at its sole discretion, reserves the right to contact an applicant if additional technical information is required.

The City will evaluate proposals in a two-phase process. The first phase will involve a review of the proposals by the staff of the Office of Real Estate, Housing and Community Development for:

- Conformance to the submission requirements;
- Compliance to CDBG regulations;
- Applicant capacity and experience;
- Project feasibility; and
- Adherence to identified City priorities.

The second phase will involve an evaluation of proposal merits by the Community Development Advisory Committee (CDAC). During this phase, and at its discretion, City staff, with the participation of the CDAC, may conduct interviews with qualifying applicants. During these applicant presentations, City staff and CDAC will further explore the technical aspects of the qualifying proposals with the applicant and provide the applicant the opportunity to clarify their proposal and advise the City of any additional factors, which may be relevant in consideration for funding appropriateness.

## DEVELOPING THE ONE-YEAR ACTION PLAN

Each year, communities receiving HUD funds directly must submit Action Plans to illustrate exactly how they will utilize all the resources at hand to improve local neighborhoods and carry forth their vision. To do this, they need input from the people who live and do business in the community. This means that local officials must reach out and bring together broad segments of the community, housing and homeless practitioners, business and economic development leaders, clergy, and of course, residents of the mostly low- and moderate-income neighborhoods affected by these programs.

The City will draft its One-Year Action Plan, delineating its strategies and activities for utilization of HUD funds and its proposed projects selected through this RFP in advance of the execution of contracts with selected providers.

The City anticipates, but is not bound by, the following schedule for reviewing proposals and developing the One-Year Action Plan, which details how these federal funds will be used.

| Date                   | Milestones  |
|------------------------|---|
| <b>March 1, 2011</b>   | <b>CDBG Request for Proposals (RFP) is available.</b>   |
| March 11, 2011         | RFP Workshop to address funding availability, review of any revisions, and answer application questions.            |
| <b>April 8, 2011</b>   | <b>Proposal Submission Deadline.</b>  |
| April 11 – 22, 2011    | Proposals reviewed and evaluated by staff.  |
| April 27, 2011         | Applicants make presentations to CDAC.  |
| May 12, 2011           | Funding recommendations are finalized.  |
| May 18, 2011           | Public Hearing on the Draft of the One-Year Action Plan.  |
| May 13, 2011           | Thirty-day public comment period of One Year Action Plan commences.   |
| July 12, 2011          | End of thirty-day public comment period   |
| July 13, 2011          | One-Year Action Plan submitted to the City Commission for approval.   |
| August 15, 2011        | One-Year Action Plan due to HUD.  |
| <b>October 1, 2011</b> | <b>Fiscal Year 2011/2012, Program Year 37 begins.<br/>Contract period is October 1, 2011 to September 30, 2012.</b> |

## RANKING CRITERIA FOR FUNDING PROPOSALS

Applications will be ranked competitively with additional weight afforded those providers with exemplary, documented prior service. City staff and the Community Development Advisory Committee members will utilize the following criteria, in addition to HUD eligibility requirements, in evaluating proposals submitted for funding:

| <b>Scoring Summary</b>  |                   |
|---|-------------------|
| Impact on City's Priority Needs Identified in Consolidated Plan | 30 points         |
| Project Feasibility   | 15 points         |
| Performance Measures/ Program Outcomes                          | 15 points         |
| Organizational Capacity and Experience                          | 20 points         |
| Budget Summary, Itemization and Narrative                       | 20 points         |
| <b>TOTAL</b>  | <b>100 points</b> |
| <b>BONUS POINTS</b>   |                   |
| Incorporation and Use of Leveraged Funds                        | 5 points          |
| <b>MAXIMUM POINTS AVAILABLE</b>                                 | <b>105 points</b> |

**Applications receiving less than 80 points will not be considered for funding.**

### IMPACT ON CITY'S FY 2011/2012 PRIORITY NEEDS - 30 POINTS MAXIMUM

A project's impact is determined by factoring the project's proposed scope and beneficiaries and then aligning them with the City's Priority Needs. Applications should provide a clear explanation of the quantifiable impacts of the proposed project including its beneficiaries (as well as a comparison of the total number of people eligible for such service versus the number proposed for service) and service locations. Consideration will be given only to projects that utilize relevant supporting data to define established need, expressed methodology of delivery and proposed impact, and the subsequent evaluation of the project for fidelity and outcomes. Projects will be evaluated on fiscal viability via a cost to benefit ratio analysis to ensure

Proposals must address one of the three National Objectives. These are:

|                             |   |
|-----------------------------|---|
| <b>National Objective A</b> | Principally benefits low and moderate income persons.     |
| <b>National Objective B</b> | Aids in the prevention or elimination of slums or blight. |
| <b>National Objective C</b> | Qualifies as a certified urgent need.                     |

An activity failing to meet one or more of the applicable tests for meeting a National Objective is noncompliant with CDBG rules and will be removed from consideration.

Applications that serve to address affordable housing and workforce housing priority needs will be given the highest priority.

## PROJECT DESCRIPTION - 15 POINTS MAXIMUM

Applications will be evaluated as soundness of project design, viability of the implementation strategies, and the inclusion of leveraged community resources. This evaluation shall include a review of proposed project activities as set forth in the narrative and further substantiated by methodology and integration of effort within the broader community and its resources.

|  |          |
|--|----------|
| Overall soundness and viability of project design  | 5 points |
| Appropriateness of administrative and project-procedures to ensure efficacy and fidelity                   | 5 points |
| Services are coordinated and integrated, as appropriate, to ensure the maximization of community resources | 5 points |

## PERFORMANCE MEASURES/PROGRAM OUTCOMES – 15 POINTS MAXIMUM

The proposed project or activity must have appropriate, quantifiable program measures or outcomes upon which the activity can be evaluated to determine the success or effectiveness of the program/activity. This section of the application must quantitatively demonstrate how the achievement or program outcomes will be documented. Applicants are encouraged to include other appropriate outcomes they might seek from the proposed program. For performance/outcome measures that do not list a target goal (percent or number), applicants should list one.

|  |          |
|--|----------|
| Clear, concise performance measures and benchmarks are delineated.   | 5 points |
| Implementation schedule is feasible and consistent with activity; and benchmarks can be accomplished within the FY 2010/2011 program year (Oct. 1, 2010 – Sept. 30, 2011). | 5 points |
| The collection and documentation of beneficiary demographic information, service provision and project performance is demonstrated.  | 5 points |

## ORGANIZATIONAL CAPACITY AND EXPERIENCE - 20 POINTS MAXIMUM

Applicants must demonstrate the ability to carry out the proposed activities and will be evaluated on prior experience providing the proposed activity, administrative capacity, and financial management. Responses will be evaluated based on the following factors:

|   |           |
|---|-----------|
| Cumulative experience with related program or project activity; existing or proposed staff is adequate to carry out the project; staff is licensed or certified to carry out the proposed activity. | 10 points |
| Financial management system is appropriate and adequate; recent financial statement or audit has been submitted with application.   | 5 points  |

## BUDGET SUMMARY, ITEMIZATION & NARRATIVE – 20 POINTS MAXIMUM

Budgets will be evaluated for fiscal feasibility and reasonableness including unit cost. Applicants must use the Budget Forms included in this Request For Proposal. Budget considerations include:

- methods used to derive cost estimates,
- the relationship between cost(s) and the activities to be undertaken; the cost per unit, the reasonableness of the cost, mathematical accuracy or each line item subtotal and total. *For Economic Development Activities* the cost benefit ratio will be considered in terms of the amount of CDBG funds used to create one job. The intent of this provision for economic development activities, as well as the other eligible activities, is to fund those projects which cannot succeed without CDBG funds, giving preference to those which show the most efficient and effective use of public funds.

|   |                 |
|---|-----------------|
| Budget Summary and Itemization Sheets are fully completed and accurate.   | <b>5 points</b> |
| Proposed costs are directly related to the need for the activity. Administrative and/or indirect expenses are less than 20% of amount requested, if applicable. | <b>5 points</b> |

The Budget Narrative will be evaluated on the detailed description of each expense listed in the Budget. Specify source, type, and amount of in-kind contributions received, if applicable.

|   |                  |
|---|------------------|
| Narrative concisely and aptly describes and justifies each line item expense. | <b>10 points</b> |
|---|------------------|

## BONUS POINTS - LEVERAGED/MATCHING FUNDS – 5 POINTS MAXIMUM

Consideration will be given to the amount of other funds committed to the project. The greater the financial support or leveraging from local and other sources, the greater the potential impact that CDBG funds will have on meeting local community needs. Therefore, bonus points will be awarded to activities which provide documentation of a one-to-one or greater ratio of leverage/match to requested funding. Documentation must be provided with the application to verify the availability of leverage/match resources. (See Application Submission Checklist.)

|   |                 |
|---|-----------------|
| The applicant provides leverage or match at a minimum ratio of 1:1 with documentation of leveraged/matched resources attached. The evidence must state the dollar value and verify the availability of resources for the project. | <b>5 points</b> |
|---|-----------------|

## APPLICATION CHECKLIST

The following is designed to assist you with preparing and submitting the proposal for FY 2011/12 funds in a uniform order and format.

Check the following before submitting your application.

- ☐ Submit **ONE ORIGINAL** and **FOUR COPIES** of the completed application each in a three-ring binder, as well as a **CD-ROM** containing your completed application.
- ☐ Submit ONE ORIGINAL hard copy with a signature in **BLUE INK**.
- ☐ Verify that all required attachments requested with the application are included.
- ☐ Make sure that proposed activities are eligible for funding under the CDBG regulations.
- ☐ If your organization is planning to request funding for more than one activity, a separate application submitted for each activity.
- ☐ Clearly demonstrates that the proposed activity meets one of the National Objectives or primarily benefits low and moderate income residents of Miami Beach.
- ☐ The following attachments are included and marked as appropriate:
  - Attachment I, Current Organizational Operating Budget
  - Attachment II, Current Board of Directors
  - Attachment III, Most Recent Organizational Audit or Financial Statement
  - Attachment IV, Proof of Federal Tax Identification Number
  - Attachment V, IRS Designation of Non-Profit Status, if appropriate
- ☐ Your application with copies and attachments is **received** by the Office of Real Estate, Housing and Community Development **NO LATER THAN 5:00 p.m.** on the closing date, **Friday, April 8, 2011**.

**LATE PROPOSALS RECEIVED FROM MAIL OR COURIERS, WILL BE DATE/TIME  
STAMPED AND RETURNED UNOPENED.**

## **APPLICATION FORM**

Please use only the forms provided herein. The Request For Proposal, posted on the City's Web site [www.miamibeachfl.gov](http://www.miamibeachfl.gov), is available for electronic download. Questions concerning the completion of applications may be answered by staff of the Office of Real Estate, Housing and Community Development during normal business hours at (305) 673-7260.

The application and required copies must be submitted in the following order bound in a three-ring binder and with the formats provided:

- I. COVER PAGE**
- II. PROJECT SYNOPSIS**
- III. IMPACT ON CITY'S PRIORITY NEEDS**
- IV. PROJECT DESCRIPTION**
- V. PERFORMANCE MEASURES AND PROGRAM OUTCOMES**
- VI. ORGANIZATIONAL CAPACITY AND EXPERIENCE**
- VII. BUDGET SUMMARY SHEET, ITEMIZATION, & NARRATIVE**
- VIII. LEVERAGED OR MATCHING FUNDS**
- IX. ACKNOWLEDGEMENT LETTER AND DISCLAIMER**
- X. AFFIDAVIT OF COMPLIANCE WITH FEDERAL, STATE, LOCAL REGULATIONS**
- XI. ATTACHMENTS**
  - i. CURRENT AGENCY OPERATING BUDGET
  - ii. GOVERNING BOARD (LIST OF AGENCY'S BOARD OF DIRECTORS)
  - iii. MOST RECENT AUDIT OR FINANCIAL STATEMENT
  - iv. PROOF OF FEDERAL TAX IDENTIFICATION
  - v. CERTIFICATION OF NOT-FOR-PROFIT AND TAX EXEMPT STATUS



**I. COVER PAGE**

Name of Organization: \_\_\_\_\_

Organization Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Web Site: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Executive Director: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Secretary/Board of Directors: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Employer Tax Identification #: \_\_\_\_\_

☐ Not-for-Profit Entity ☐ For Profit Entity

**PROJECT FUNDING REQUEST \$ \_\_\_\_\_**

FUNDING CATEGORY? (Select only one category)

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Housing   | <input type="checkbox"/> Capital Improvements            | <input type="checkbox"/> Economic Development |
| <input type="checkbox"/> Homeless  | <input type="checkbox"/> Rehabilitation & Preservation   | <input type="checkbox"/> Other (Specify):     |
| <input type="checkbox"/> Public Services (Please select specific activity) | <input type="checkbox"/> Childcare Services              |   |
| <input type="checkbox"/> Youth Services                                    | <input type="checkbox"/> Health Services                 |   |
| <input type="checkbox"/> Senior/Elderly Services                           | <input type="checkbox"/> Employment Training             |   |
| <input type="checkbox"/> Homeless Services                                 | <input type="checkbox"/> Other Public Services (specify) |   |

*I certify that all the information contained in this application is true and accurate. I further understand that material omission or inclusion of false information contained in this application constitutes grounds for disqualification of the Applicant and this application. I further understand that by submitting an application, I, as the authorized representative of the organization, am accepting the terms and conditions as they appear in the Request for Proposals for FY 2011-12.*

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

**II. PROJECT SYNOPSIS**

Please limit the project synopsis to 30 words or less in the space provided below.

**PLEASE LIST ALL PRIOR YEAR AWARDS OF CDBG FUNDING.**

If none, please mark this box: ☐

| Fiscal Year | Amount of Award |
|-------------|-----------------|
|             | \$              |
|             | \$              |
|             | \$              |
|             | \$              |
|             | \$              |

**III. IMPACT ON CITY'S PRIORITY NEEDS - 30 POINTS MAXIMUM (NOT TO EXCEED ONE PAGE)**

**IV. PROJECT DESCRIPTION (NOT TO EXCEED SPACE PROVIDED)**

## V. PERFORMANCE MEASURES & PROGRAM OUTCOMES

### A) Objectives (Check One)

- ☐ Creating Suitable Living Environments  
☐ Providing Decent Housing  
☐ Creating Economic Opportunities

### B) Outcomes (Check One)

- ☐ Availability/Accessibility  
☐ Affordability  
☐ Sustainability

### C) Indicator Activity Code (please select one of the HUD Activity Codes listed below)

Indicate selection in the box to right:

- |   |   |
|---|---|
| 01 Acquisition of real property                         | 02 Disposition  |
| 03 Public Facilities and Improvements (General)         | 03A Senior Centers                                    |
| 03B Handicapped Centers                                 | 03C Homeless Facilities                               |
| 03D Youth Centers                                       | 03E Neighborhood Facilities                           |
| 03F Parks, Recreation Facilities                        | 03G Parking Facilities                                |
| 03H Solid Waste Disposal Improvements                   | 03I Flood Drain Improvements                          |
| 03J Water/Sewer Improvements                            | 03K Street Improvements                               |
| 03L Sidewalks   | 03M Child Care Centers                                |
| 03N Tree Planting                                       | 03O Fire Stations/Equipment                           |
| 03P Health Facilities                                   | 03Q Abused and Neglected Children Facilities          |
| 03R Asbestos Removal                                    | 03S Facilities for AIDS Patients not operating costs) |
| 03T Operating Costs of Homeless/AIDS Patients Programs  | 04 Clearance and Demolition                           |
| 04A Clean-up of Contaminated Sites                      | 05 Public Services (General)                          |
| 05A Senior Services                                     | 05B Handicapped Services                              |
| 05C Legal Services                                      | 05D Youth Services                                    |
| 05E Transportation Services                             | 05F Substance Abuse Services                          |
| 05G Battered and Abused Spouses                         | 05H Employment Training                               |
| 05I Crime Awareness                                     | 05J Fair Housing Activities                           |
| 05K Landlord/Tenant Counseling                          | 05L Child Care Services                               |
| 05M Health Services                                     | 05N Abused and Neglected Children                     |
| 05O Mental Health Services                              | 05P Screening For Lead-Based Paint/Lead Hazard        |
| 05Q Subsistence Payments                                | Poisoning   |
| 05R Homeownership Assistance (not direct)               | 05S Rental Housing Subsidies                          |
| 05T Security Deposits                                   | 06 Interim Assistance                                 |
| 07 Urban Renewal Completion                             | 08 Relocation   |
| 09 Loss of Rental Income                                | 10 Removal of Architectural Barriers                  |
| 11 Privately Owned Utilities                            | 12 Construction of Housing                            |
| 13 Direct Homeownership Assistance                      | 14A Rehab; Single-Unit Residential                    |
| 14B Rehab; Multi-Unit Residential                       | 14C Public Housing Modernization                      |
| 14D Rehab; Other Publicly-Owned Residential Bldg.       | 14E Rehab; Publicly or Privately-Owned Commercial/    |
| 14F Energy Efficiency Improvement                       | Industrial  |
| 14G Acquisition - for Rehabilitation                    | 14H Rehabilitation Administration                     |
| 14I Lead-Based/Lead Hazard Test/Abatement               | 15 Code Enforcement                                   |
| 16A Residential Historical Preservation                 | 16B Non-residential Historic Preservation             |
| 17A Commercial/Indus Land Acquisition/Disposition       | 17B Commercial/Industrial Infrastructure Development  |
| 17C Commercial/Indus Building Acquisition, Cons., Rehab | 17D Other Commercial/Industrial Improvements          |
| 18A ED Direct Financial Assistance to For-Profits       | 18B ED Technical Assistance                           |
| 18C Micro-Enterprise Assistance                         | 19C Non-profit Organizational Capacity Building       |
| 19D Assistance to Institutions of Higher Education      | 19E Operation and Repair of Foreclosed Property       |
| 19F Planned Repayment of Section 108 Principal          | 19G Unplanned Repayment of Section 108 Principal      |
| 20 Planning   | 21A General Program Administration                    |
| 21B Indirect Costs                                      | 21C Public Information                                |
| 21D Fair Housing Activities                             | 21E Submissions or Applications for Federal Programs  |
| 22 Unprogrammed Funds                                   |   |

Number of proposed service units to people/households \_\_\_\_\_

**D) National Objective (check only one)**

- ☐ **National Objective A:** Principally benefits low and moderate income persons.  
☐ **National Objective B:** Aids in the prevention or elimination of slums or blight.  
☐ **National Objective C:** Qualifies as a certified urgent need.

If National Objective A is selected, you must also describe how the activity will address **ONE** (not all) of the subcategories listed below.

(1) Area Benefit Activity – Area Benefit Activities are those carried out in a neighborhood consisting predominantly of LMI persons and providing services for such persons, yet could be available to other non-income eligible persons in the area.

(2) Limited Clientele Activity – Limited Clientele Activities are those which benefit a specific group of people (rather than all the residents in a particular area) who are, or presumed to be, income eligible. The specific groups presumed by HUD to be income-eligible include: abused children, battered persons, elderly persons, handicapped persons, homeless persons, illiterate persons, migrant farm workers, and persons living with AIDS.

(3) Income Eligible Housing Activity – Income Eligible Housing Activities add or improve a permanent residential structure wherein, upon completion, income eligible persons will occupy 51% or more of the housing units.

(4) Job Creation or Retention Activity – A Job Creation or Job Retention Activity is an activity which creates or retains permanent jobs, of which at least 51% are either taken by or available to income eligible persons.

**VI. ORGANIZATIONAL CAPACITY & EXPERIENCE** (You may use up to four pages for reply)

**VII. BUDGET SUMMARY SHEET, ITEMIZATION, & NARRATIVE**

**BUDGET SUMMARY SHEET**

Activity Name  
Agency Name

Funding Year

2011- 12

| Category                 | CDBG Request | Total Other Sources | Source of Other Funds | Total Funds |
|--------------------------|--------------|---------------------|-----------------------|-------------|
| Personnel – Salaries     | \$           | \$                  | \$                    | \$          |
| Operating                | \$           | \$                  | \$                    | \$          |
| Capital/ Equipment Costs | \$           | \$                  | \$                    | \$          |
| Other Specify:           | \$           | \$                  | \$                    | \$          |
| Other Specify:           | \$           | \$                  | \$                    | \$          |
| Other Specify:           | \$           | \$                  | \$                    | \$          |
| Other Specify:           | \$           | \$                  | \$                    | \$          |
| Other Specify:           | \$           | \$                  | \$                    | \$          |
| Total CDBG Request       | \$           |                     |                       |             |
| Total Other Funds        |              | \$                  |                       |             |
| Project Total            |              |                     |                       | \$          |

Please complete the following regarding the funding request above:

- A.** Of the funding request above, what is the amount for **OPERATING COSTS** (**do not** include salaries and fringe benefits)? \$
- B.** What is the amount for **PERSONNEL COSTS** (include only salaries and fringe)? \$
- C.** What is the percentage for **ADMINISTRATIVE COSTS** (divide **B/A**)? %



## BUDGET ITEMIZATION SHEET

Activity Name  
Agency Name

Funding Year

2011- 12

| Detail/Itemization<br>by Sub-Category or Line Item                     | CDBG Funds | Other Funds | Totals |
|--|------------|-------------|--------|
| <b>Personnel</b><br>Indicate position x annual salary x FTE % for each |            |             |        |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
| <b>Operating</b><br>Indicate expense x project cost                    |            |             |        |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
| <b>Capital/ Equipment Costs</b><br>Indicate expense x project cost     |            |             |        |
|  | \$         | \$          | \$     |
|  | \$         | \$          | \$     |
| <b>Other [Specify]:</b><br>Indicate expense x project cost             |            |             |        |
|  | \$         | \$          | \$     |
| <b>Other [Specify]:</b><br>Indicate expense x project cost             |            |             |        |
|  | \$         | \$          | \$     |
| <b>Other [Specify]:</b><br>Indicate expense x project cost             |            |             |        |
|  | \$         | \$          | \$     |
| <b>Other [Specify]:</b><br>Indicate expense x project cost             |            |             |        |
|  | \$         | \$          | \$     |
| <b>Other [Specify]:</b><br>Indicate expense x project cost             |            |             |        |
|  | \$         | \$          | \$     |
|  |            |             |        |
|  |            |             |        |
| <b>Totals</b>  | \$         | \$          | \$     |

**ESTIMATED PROGRAM INCOME**

*(COMPLETE AND SUBMIT ONLY IF APPLICABLE. GENERALLY, THIS IS NOT APPLICABLE TO MOST CDBG APPLICATIONS)*

**Activity Name**  
**Agency Name**

**Funding Year**

2011- 12

| Type of Income Generated | CDBG Funds | Income Amount | Total Funds |
|--------------------------|------------|---------------|-------------|
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |
|                          |            |               |             |

**Note:** If not applicable, write **N/A** in the body of the form.

**Please describe the procedures for collection, tracking and reporting of any program income received.**

## VIII. LEVERAGED OR MATCH FUNDS

Activity Name  
Agency Name

Funding Year

2011-12

|                                |                                     |
|--------------------------------|-------------------------------------|
| Total Requested CDBG Funds: \$ | Leverage/Match Ratio <sup>1</sup> : |
|--------------------------------|-------------------------------------|

| Source of Match/Leverage Funds <sup>2</sup> | Conditions/Limitations of Leverage/Match Funds <sup>3</sup> | Amount |
|---|---|--------|
|   |   |        |
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1 – Leverage/Match Ratio is achieved by dividing the amount of CDBG funds requested by the amount of Match/Leverage funds committed to the project. For example, if you are requesting \$1,000 in CDBG funds and have \$500 as match, your ratio would be 2:1

2 – Please indicate each source of funds that will be used as leverage in your proposed project. For example, if you are leveraging Children's Trust and Miami-Dade County CDBG funds, you would list both sources with their correlating amounts.

3 – Please indicate if there are conditions to the use of leveraged funds, i.e., must serve a specific population, expended within a certain period of time, etc.

## BUDGET NARRATIVE

Provide a brief and concise description of each CDBG-requested budget category indicated in the Budget Summary and Budget Itemization Forms and the justification for each expense. Expenses should be central to the fulfillment of the proposed activity.

|                                 |
|---------------------------------|
| <b>Personnel</b>                |
| <b>Operating</b>                |
| <b>Capital/ Equipment Costs</b> |
| <b>Other [Specify]:</b>         |
| <b>Other [Specify]:</b>         |
| <b>Other [Specify]:</b>         |
| <b>Other [Specify]:</b>         |
| <b>Other [Specify]:</b>         |

**IX. ACKNOWLEDGMENT LETTER**

***All applicants shall incorporate in the original application proposal the following letter and Disclosure and Disclaimer attachment on the organization's letterhead:***

April 9, 2011

Ms. Anna Parekh, Director  
Office of Real Estate, Housing and Community Development  
City of Miami Beach  
555 17<sup>th</sup> Street  
Miami Beach, FL 33139

**RE: Request for Funding under the CDBG Program Funds FY 2011-12**

Dear Ms. Parekh and members of the CDAC:

I have read the City of Miami Beach Request for Proposals for the CDBG Program Fiscal Year 2011-12 funding. On behalf of \_\_\_\_\_ [**Organization Name**], as the duly authorized signatory for \_\_\_\_\_ [**Organization Name**], I agree to and accept the terms, specific limitations, and conditions expressed therein. In addition, I have read, rely upon, acknowledge, and accept the City's Disclosure and Disclaimer, which is attached hereto and is fully incorporated into this letter.

Further, if our proposed project activities include the rehabilitation or construction of a commercial or residential building that is currently occupied, we hereby authorize the staff of the City of Miami Beach Office of Real Estate, Housing and Community Development to enter the premises and interview any residents. We realize that the purpose of the interviews is to determine the estimated amount of relocation assistance that may be needed.

Sincerely,

---

**Signature of Agency Representative**

---

**Name and Title**

(By signing above, the undersigned acknowledges that he/she has read and understands the Certifications attached hereto as Appendix 3 and, if awarded CDBG funds, as applicable, the Applicant will be able to comply fully with the provisions of those Certifications and will be able to comply with all additional applicable federal, state and local requirements, including procurement and financial management. Applicant also acknowledges that if a funding recommendation is made for less than the full amount applied for, additional documentation including a revised budget, scope of work and proposed accomplishments may be requested prior to final funding determinations. The City of Miami Beach reserves the right to verify that the authorized signature above is authorized to bind the Proposer (on behalf of the organization), and may require the Proposer to submit documentation verifying such authority.)

**IX. AFFIDAVIT OF COMPLIANCE WITH FEDERAL, STATE, LOCAL REGULATIONS**

The undersigned certifies that the information in this application is true and correct. The undersigned further certifies that they are aware that if the City of Miami Beach finds that the applicant agency or undersigned has engaged in fraudulent actions or intentionally misrepresented facts on this application, this application will be rejected and the applicant agency may be unable to participate in any program for two (2) complete fiscal years.

If applying for Community Development Block Grant (CDBG) funds, the applicant has read, understands and agrees to comply with the provisions of 24 CFR Part 570, and all federal regulations issued thereto by the U.S. Department of Housing and Urban Development.

The undersigned understands and agrees to abide by the provisions of the applicable federal, state and local regulations and laws.

**Applicant Name**

**Signature of Witness #1**

\_\_\_\_\_  
**Authorized Signatory**

\_\_\_\_\_  
**Name of Witness #1**

\_\_\_\_\_  
**Name and Title of Signatory**

\_\_\_\_\_  
**Signature of Witness #2**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Name of Witness # 2**

## **DISCLOSURE AND DISCLAIMER**

The City of Miami Beach (City) is furnishing this Request for Proposals (RFP) to the applicant for the applicant's information and convenience. Any action taken by the City in response to applications made pursuant to this RFP or in making any award or in failing or refusing to make any award pursuant to such applications, or in canceling awards, or in withdrawing or canceling this RFP, either before or after issuance of an award(s), shall be without any liability on the part of the City. The contents of this RFP are neither warranted nor guaranteed by the City of Miami Beach. Applicants interested in pursuing this opportunity are urged to make such evaluations as they deem advisable and to reach independent conclusions concerning statements made in this RFP and any supplements thereto. The City reserves the right to reject any and all proposals for any reason, or for no reason, without any resultant liability to the City.

In its sole discretion, the City may withdraw the RFP either before or after receiving applications, may accept or reject applications, and may accept applications which deviate from the RFP as it deems appropriate and in its best interest. In its sole discretion, the City may determine the qualifications and acceptability of any party or parties submitting applications in response to this RFP.

Following submission of an application, the applicant agrees to deliver such further details, information and assurances, including financial and disclosure data, relating to the application and the applicant including the applicant's affiliates, officers, directors, shareholders, partners and employees as requested by the City in its discretion.

The information contained herein is provided solely for the convenience of prospective subrecipients. It is the responsibility of the applicant to assure that information contained herein is accurate and complete. The City does not provide any assurances as to the accuracy of any information in this RFP.

Any reliance on these contents, or on any communications with City officials, shall be at the applicant's own risk. Prospective applicants should rely exclusively on their own investigations, interpretations and analyses. The RFP is being provided by the City without any warranty or representation, express or implied, as to its content, its accuracy, or its completeness. No warranty or representation is made by the City or its agents that any application conforming to these requirements will be selected for consideration, negotiation, or approval.

The City shall have no obligation or liability with respect to this RFP, the selection and the award process or whether any award will be made. Any applicant to this RFP who responds hereto fully acknowledges all the provisions of this disclosure and disclaimer, is totally relying on this disclosure and disclaimer, and agrees to be bound by the terms hereof. Any applications submitted to the City or its advisors pursuant to this RFP are submitted at the sole risk and responsibility of the party submitting such application.

This RFP is made subject to correction of errors, omissions, or withdrawal without notice. Information is for guidance only and does not constitute all or any part of an agreement.

The City and all applicants will be bound only as, if and when an application, as same may be modified, and the applicable definitive agreements pertaining thereto, are approved and executed by the parties, and then only pursuant to the terms of the definitive agreements executed among the parties. Any response to this RFP may be accepted or rejected by the City for any reason, or for no reason, without any resultant liability to the City.

The City is governed by the Government-in-the-Sunshine Law, and all applications and supporting documents shall be subject to disclosure as required by such law. All documents received by the City shall become public records.

Applicants are expected to make all disclosures and declarations as requested in this RFP. By submission of an application, the applicant acknowledges and agrees that the City has the right to make any inquiry or investigation it deems appropriate to substantiate or supplement information contained in the application, and authorizes the release to the City of any and all information sought in such inquiry or investigation. Each applicant certifies that the information contained in the application is true, accurate and complete to the best of its knowledge and belief.

Notwithstanding the foregoing or anything contained in the RFP, all applicants agree that in the event of a final unappealable judgment by a court of competent jurisdiction which imposes on the City any liability arising out of this RFP or any response thereto or any action or inaction by the City with respect thereto, such liability shall be limited to \$10,000.00 as agreed-upon and liquidated damages. The previous sentence, however, shall not be construed to circumvent any of the other provisions of this disclosure and disclaimer, which imposes no liability on the City.

In the event of any differences in language between this disclosure and disclaimer and the balance of the RFP, it is understood that the provisions of this disclosure and disclaimer shall always govern. The RFP and any disputes arising from the RFP shall be governed by and construed in accordance with the laws of the State of Florida.

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**Signature of Authorized Representative**

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**Name and Title of Signatory**

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**Name of Organization**



## SUBMISSION INSTRUCTIONS

Proposal applications for the CDBG Program Year 37 (FY 2011-12) will be accepted at the Office of Real Estate, Housing and Community Development, located at 555 17<sup>th</sup> Street, Miami Beach, FL, 33139, during regular office hours, 9:00 a.m. - 5:00 p.m., Monday through Friday.

The deadline for submission is **Friday, April 8, 2011 at 5pm**

The following instructions detail the information required from all applicants who submit an application for funding under the Community Development Block Grant Program (CDBG). Submit all applicable information in the prescribed order and in a three ring binder. Do not include any information which has not been specifically requested in this request for proposal (RFP). Electronic applications on diskette will not be accepted.

- Applications must be completed electronically on the forms provided. Handwritten applications or handwritten budget forms will not be accepted.
- The application format is available on CD-ROM (Microsoft Word) and online at the City's website: [www.miamibeachfl.gov](http://www.miamibeachfl.gov) A CD-ROM with your agency's full application must be submitted with your hard copy application.
- All original documents shall not exceed 8 1/2" x 11" paper size. Standard 1" margins shall be used. Font size should be 10 to 12 point size. (The larger font size is preferable).
- All copies shall be on three-hole punched paper in one three-ring binder. Do not staple or otherwise bind original with copies.
- If your organization is planning to request funding for more than one eligible CDBG activity, each activity must be submitted as a separate application with a separate budget for review; and in SEPARATE BINDERS.
- Office of Real Estate, Housing and Community Development staff is available to answer questions concerning the completion of an application via e-mail at [briangillis@miamibeachfl.gov](mailto:briangillis@miamibeachfl.gov). Please allow one business day for your response. If you require special assistance, please e-mail your request to the same address delineating your anticipated needs.
- **LATE APPLICATIONS RECEIVED FROM MAIL OR COURRIERS WILL BE RETURNED TO THE APPLICANT UNOPENED WITH A DATE/TIME STAMP.**
- The original and four copies (5 total) of the completed application and CD-ROM shall be delivered to:

**City of Miami Beach**  
Office of Real Estate, Housing and Community Development  
Attention: Anna Parekh, Director  
555 -17<sup>th</sup> Street  
Miami Beach, FL 33139

**INSTRUCTIONS FOR COMPLETING THE 2011/12 RFP APPLICATION**

## **I. INSTRUCTIONS FOR COVER PAGE**

Fill in all the requested information on the Cover Page of the application. All information on this cover page will be used for all future outgoing correspondence and will be used to update the Office of Real Estate, Housing and Community Development database records. Notify the Office of Real Estate, Housing and Community Development when information on the cover page changes.

Indicate the amount of the request on the "Project Funding Request" line. Select only ONE category under the eligible activities subsection. If "Other" has been selected, indicate what the "other" activity is.

If the application is for Public Services, select only ONE subset under the Public Services category. If "Other Public Services" is selected, indicate what the other eligible general public service is. Refer to Appendices 1 for the CDBG regulations, which also list the eligible kinds of activities.

Ensure that the appropriate and authorized signatory sign and date the cover page. The original application cover page should be signed in **blue ink** or otherwise noted as being the "Original" application. Include the signatory's printed name and title.

## **II. INSTRUCTIONS FOR PROJECT SYNOPSIS & PRIOR YEAR GRANT AWARDS**

In this section, LIMIT the project synopsis to a maximum of 30 words or less. The synopsis should concisely describe or state the proposed activity or purpose funds for which funds are being requested.

If the proposed activity has received City of Miami Beach federal funds in prior years, indicate the fiscal year (using most current first) and amount received for each grant award.

## **III. INSTRUCTIONS FOR IMPACT OF PROPOSED ACTIVITY ON PRIORITY NEEDS**

In this section, clearly and concisely state how the proposed activity will address one (or more) of the City's priority needs for benefiting low and moderate income persons, aiding in the prevention or elimination of slum or blight, or address homelessness. Describe the need for your proposed activity and the impact of CDBG funds to ensure the project's success.

Below are the City's priority needs as outlined in the Five-Year 2008-2012 Consolidated Plan. Do not exceed one page in describing the impact of the proposed activity and how it will address a City priority.

### CONSOLIDATED PLAN PRIORITY NEEDS

The City's current Consolidated Plan was adopted July 16, 2009. This Five-Year Plan encompasses housing and non-housing community development activities, resources and projects to be undertaken to address the identified community needs for the fiscal years of 2008/09 through 2011/12. The Plan also includes a prioritization of needs as listed below:

|                        |  |
|------------------------|--|
| Housing Activities     | Acquisition and Disposition                      |
|                        | Fair Housing Activities                          |
|                        | Multifamily Housing Rehabilitation               |
|                        | Owner-Occupied Rehabilitation                    |
|                        | Direct Homeownership Assistance                  |
|                        | Code Compliance                                  |
| Homeless Activities    | Emergency Shelter/Transitional Housing           |
|                        | Homeless Prevention                              |
|                        | Outreach   |
| Non-Housing Activities | Child Care Services                              |
|                        | Economic Development                             |
|                        | Employment Training                              |
|                        | General Public Services                          |
|                        | Public Facilities and Improvements               |
|                        | Repayment of Section 108 Loan Principal          |
|                        | Senior Programs and Senior Services              |
|                        | Services to Persons with Disabilities            |
|                        | Youth Programs                                   |
|                        | North Beach neighborhood Revitalization Strategy |

**Housing Needs in Miami Beach** (Source: Carras Community Investment based on data from the 2000 U.S. Census, Claritas, Inc. and the U.S. HUD Comprehensive Housing Affordability Strategy (CHAS).

|   | Housing Need                         | Renter | Owner | Total |
|---|--------------------------------------|--------|-------|-------|
| <b><i>Extremely Low-Income Households</i></b>       |                                      |        |       |       |
| <b>Elderly Households</b>                           | Households with any housing problems | 65%    | 73%   | 67%   |
|   | With cost burden                     | 65%    | 71%   | 66%   |
|   | With extreme cost burden             | 47%    | 56%   | 49%   |
| <b>Small Related (2-4 members households)</b>       | Households with any housing problems | 87%    | 52%   | 83%   |
|   | With cost burden                     | 76%    | 52%   | 73%   |
|   | With extreme cost burden             | 70%    | 46%   | 67%   |
| <b>Large Related (5 or more members households)</b> | Households with any housing problems | 100%   | 100%  | 100%  |
|   | With cost burden                     | 80%    | 100%  | 81%   |
|   | With extreme cost burden             | 80%    | 100%  | 81%   |
| <b>Other Households</b>                             | Households with any housing problems | 59%    | 54%   | 58%   |
|   | With cost burden                     | 55%    | 52%   | 54%   |
|   | With extreme cost burden             | 51%    | 50%   | 51%   |
| <b>Total Households</b>                             | Households with any housing problems | 68%    | 65%   | 68%   |
|   | With cost burden                     | 64%    | 63%   | 64%   |
|   | With extreme cost burden             | 54%    | 54%   | 54%   |

|   | Housing Need                         | Renter | Owner | Total |
|---|--------------------------------------|--------|-------|-------|
| <b>Very Low-Income Households</b>                   |                                      |        |       |       |
| <b>Elderly Households</b>                           | Households with any housing problems | 74%    | 77%   | 75%   |
|   | With cost burden                     | 70%    | 72%   | 70%   |
|   | With extreme cost burden             | 40%    | 44%   | 42%   |
| <b>Small Related (2-4 members households)</b>       | Households with any housing problems | 97%    | 98%   | 97%   |
|   | With cost burden                     | 92%    | 84%   | 91%   |
|   | With extreme cost burden             | 50%    | 68%   | 53%   |
| <b>Large Related (5 or more members households)</b> | Households with any housing problems | 93%    | 100%  | 93%   |
|   | With cost burden                     | 86%    | 100%  | 86%   |
|   | With extreme cost burden             | 36%    | 100%  | 38%   |
| <b>Other Households</b>                             | Households with any housing problems | 98%    | 68%   | 95%   |
|   | With cost burden                     | 97%    | 68%   | 94%   |
|   | With extreme cost burden             | 71%    | 59%   | 69%   |
| <b>Total Households</b>                             | Households with any housing problems | 90%    | 79%   | 87%   |
|   | With cost burden                     | 86%    | 73%   | 84%   |
|   | With extreme cost burden             | 55%    | 51%   | 54%   |
| <b>Low-Income Households</b>                        |                                      |        |       |       |
| <b>Elderly Households</b>                           | Households with any housing problems | 76%    | 54%   | 65%   |
|   | With cost burden                     | 67%    | 48%   | 57%   |
|   | With extreme cost burden             | 17%    | 22%   | 19%   |
| <b>Small Related (2-4 members households)</b>       | Households with any housing problems | 83%    | 92%   | 85%   |
|   | With cost burden                     | 56%    | 82%   | 60%   |
|   | With extreme cost burden             | 13%    | 40%   | 17%   |
| <b>Large Related (5 or more members households)</b> | Households with any housing problems | 100%   | 100%  | 100%  |
|   | With cost burden                     | 67%    | 100%  | 68%   |
|   | With extreme cost burden             | 12%    | 29%   | 13%   |
| <b>Other Households</b>                             | Households with any housing problems | 82%    | 74%   | 81%   |
|   | With cost burden                     | 77%    | 74%   | 77%   |
|   | With extreme cost burden             | 19%    | 47%   | 24%   |
| <b>Total Households</b>                             | Households with any housing problems | 82%    | 66%   | 78%   |
|   | With cost burden                     | 67%    | 61%   | 66%   |
|   | With extreme cost burden             | 16%    | 31%   | 20%   |

#### IV. INSTRUCTIONS FOR PROJECT DESCRIPTION

This section of the application will allow you to provide an overview of the proposed program. The narrative must include the following:

- Concise and complete description of the activity or project and its beneficiaries include data, where appropriate.
- Service location (you may use a physical address, census tracts, and geographic areas) for the activity or project.
- Rationale for service location (Refer to the maps in Appendix 5 for Census Tracts). Be as descriptive as possible including accessibility by the targeted population.

#### V. INSTRUCTIONS FOR PERFORMANCE MEASURES & PROGRAM OUTCOMES

In conformance with the U.S. Department of Housing and Urban Development requirements, the City of Miami Beach has changed the way it measures the objectives, performance outcomes, and indicators of the affordable housing and community development activities being undertaken by its subrecipient partners. Performance measurement provides a means to capture program outcomes and assist the City to collect data, track progress, and report on program results in a way that speaks to the impact a program has had on our community and the lives of its residents. In this section, you will document your objectives, outcomes and indicators using appropriate, quantifiable measures. Instructions for this section are listed below.

##### **A) Objectives**

Applicants must choose only one of three objectives, depending on which one is most appropriate for their activity or program. While it may be that two or even all three outcomes are equally important to its activity, only one may be selected. The Office of Real Estate, Housing and Community Development staff may amend the objectives, outcomes and indicators indicated if it does not accurately reflect the intent of the program or activity.

|  |   |
|--|---|
| <b>Creating Suitable Living Environments</b> | Relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment. This objective relates to activities that are intended to address a wide range of issues faced by low and moderate-income persons from physical problems with their environments, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services. <b><i>Generally, most public service activities fall into this category.</i></b> |
| <b>Providing Decent Housing</b>              | Covers the wide range of housing activities that are generally undertaken with CDBG or HOME funds. This objective focuses on housing activities whose purpose is to meet individual family or community development needs. It does <u>not</u> include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Creating Suitable Living Environments.  |
| <b>Creating Economic Opportunities</b>       | Applies to activities related to economic development, commercial revitalization, or job creation.  |

### **B) Outcomes**

Applicants must choose only one of three outcomes, depending on which is most appropriate for their activity or program. Outcomes are closely related to objectives. The program outcome helps further refine the objective and is designed to capture the nature of the change or the expected result the activity seeks to achieve.

|                                   |  |
|-----------------------------------|--|
| <b>Availability/Accessibility</b> | Applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the basics of daily living available and accessible to low and moderate-income people where they live.  |
| <b>Affordability</b>              | Applies to activities that provide affordability in a variety of ways to low and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care. Affordability is an appropriate objective whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household. |
| <b>Sustainability</b>             | Applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.  |

### **C) Indicators**

Indicators are the units of measure to track progress toward achieving the intended results. Applicants are required to select indicator categories that are relevant to the type of activity being undertaken and the intent of the activity.

In this section, list the quantitative goals that will be accomplished by undertaking the proposed activity or program. State what the unit of measure for the service or activity will be. This section is worth a maximum of 15 points.

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Businesses Assisted                       | <input type="checkbox"/> Commercial Facades  | <input type="checkbox"/> Households (General)     |
| <input type="checkbox"/> Elderly                                   | <input type="checkbox"/> Emergency Housing   | <input type="checkbox"/> Homeless Prevention      |
| <input type="checkbox"/> Homeless Shelter                          | <input type="checkbox"/> Housing Units   | <input type="checkbox"/> Jobs Created             |
| <input type="checkbox"/> Jobs Retained                             | <input type="checkbox"/> Owner Occupied Units Rehabilitated                              | <input type="checkbox"/> People (General)         |
| <input type="checkbox"/> Public Facilities/ Infrastructure         | <input type="checkbox"/> TBRA  | <input type="checkbox"/> Youth                    |
| <input type="checkbox"/> Direct Financial Assistance to Homebuyers | <input type="checkbox"/> Homeownership Units Constructed or Acquired with Rehabilitation | <input type="checkbox"/> Rental Units Constructed |
| <input type="checkbox"/> Rental Units Rehabilitated                |  |   |

## CDBG NATIONAL OBJECTIVES

In this section, state which *one* of the three National Objectives listed below will be addressed by the proposed activity or program. The activity should address only ONE of the objectives and not necessarily all three. The maximum number of points for this section depends on which national objective is selected. Do not exceed one page for this section.

**National Objective A:** Principally benefits low and moderate income persons.

**National Objective B:** Aids in the prevention or elimination of slums or blight.

**National Objective C:** Qualifies as a certified urgent need.

If National Objective A is selected, you must also describe how the activity will address ONE (not all) of the subcategories listed below.

(1) Area Benefit Activity –Area Benefit Activities are those carried out in a neighborhood consisting predominantly of LMI persons and providing services for such persons, yet could be available to other non-income eligible persons in the area.

(2) Limited Clientele Activity – Limited Clientele Activities are those which benefit a specific group of people (rather than all the residents in a particular area) who are, or presumed to be, income eligible. The specific groups presumed by HUD to be income-eligible include: abused children, battered persons, elderly persons, handicapped persons, homeless persons, illiterate persons, migrant farm workers, and persons living with AIDS.

(3) Income Eligible Housing Activity – An income eligible Housing Activity adds or improves a permanent residential structure wherein, upon completion, income eligible persons will occupy 51% or more of the housing units.

(4) Job Creation or Retention Activity – A Job Creation or Job Retention Activity creates or retains permanent jobs, of which at least 51% are either taken by or available to income eligible persons.



## VI. INSTRUCTIONS FOR ORGANIZATION CAPACITY AND EXPERIENCE

In this section, the narrative should address the organizational capacity of the applicant to execute the proposed program or activity. Identify the key administrative and professional staff implementing and/or supervising the proposed activity. A brief overview or history of the agency may be included to support the organization's capacity and experience in working with the proposed activity or program. Include information regarding specialized certifications, education, licensing, or other specialized qualifications. If staff services are to be contracted out, describe the contractor selection process and whether the contract will be on a "flat fee" or "hourly" basis.

Information regarding the facility or location of the proposed activity may also be included in this section only if the location or facility is specifically relevant to this project. Do not exceed a maximum of four pages.

## VII. INSTRUCTIONS FOR BUDGET PAGES

The budget contains five components:

1. Budget Summary Sheet (Identifying the line item totals for the proposed project)
2. Budget Itemization Sheet (Itemizing the line item expenses for the proposed project)
3. Estimated Program Income (Delineating any revenue collected during the proposed project)
4. Leveraged or Match Funds (Identifying additional resources used to fulfill the proposed project)
5. Budget Narrative (Justifying the expenses incurred in fulfilling the proposed project)

**Budget Summary Sheet** – For “Activity Name”, list the project's title. Write your agency name where indicated.

For each line item category along the left of the form, list the funding totals for:

- Requested CDBG Funds
- Funds Provided by Other Sources
- Listed Sources of Other Funds

Please ensure the accuracy of mathematical entries and totals by columns and rows.

**Budget Itemization Sheet** – For “Activity Name”, list the project's title. Write your agency name where indicated.

For each line item along the left of the form, itemize each expense within the category. For instance, if you will be hiring a worker whose position will be devoted to the project 60% of the time and its funding source is split with other revenue sources, list them under the category “Personnel” and list the position and allocation towards project like this:

| Personnel                                  | CDBG Funds | Other Funds | Totals    |
|--|------------|-------------|-----------|
| 1 Case Worker @ 30,000 p/year x<br>60% FTE | 9,000.00   | 9,000.00    | 18,000.00 |

Ensure that you indicate only those expenses directly tied to the project and that all your mathematical projections are accurate. Please remember to include all appropriate salary costs including benefits, Workman's Compensation, etc.

For other expenses, please indicate the number of units requested and individual unit cost.

**Estimated Program Income** - For "Activity Name", list the project's title. Write your agency name where indicated.

Complete this form only if you will generate income as a result of the service or product you are providing. Indicate the type of revenue you will be collecting in the left column. Indicate the leverage funds requested from CDBG in the second column. Denote the projected income amount to be collected.

In the space provided, explain the procedures you will employ to collect the identified revenue(s), the methodology used to track program income, and the reporting procedures that will be used to properly document the revenue collected. Please be as detailed as possible in documenting these procedures and internal processes including the staff responsible for each aspect of revenue collection and reporting.

**Leveraged or Match Funds** - For "Activity Name", list the project's title. Write your agency name where indicated.

For Total Requested CDBG Funds, indicate the amount of grant funds requested.

For Leverage/Match Ratio, take the amount of grant funds requested and divide by the amount of other funds contributed towards the proposed project. For instance, if you are requesting \$10,000 in CDBG funds and have \$5,000 in other sources, the ratio would be 2:1 as you are requesting \$2 for every \$1 of leverage.

List each source of leverage or match funds in the left column. Indicate any limitations or expenditure constraints for each source in the middle column, and the amount of funds in the right column.

**Budget Narrative** – For each category in which you are requesting funds, please provide a detailed justification for the expense as it relates to implementing the proposed project.

Costs may be budgeted only if they are allowable and necessary to carry out the expressed and approved purposes of the activity. All costs must be reasonable in nature and amount, and cannot exceed that which would be incurred by a fiscally prudent person/organization.

### **VIII. INSTRUCTIONS FOR LEVERAGED FUNDS OR MATCHING SOURCES**

Applicants will receive 5 Bonus Points if they can demonstrate a one-to-one (or higher) dollar ratio of a leveraged match. Provide documentation of funding already received for current and upcoming fiscal years with the Leveraged/Match Funds Sheet.

### **IX. INSTRUCTIONS FOR ACKNOWLEDGEMENT LETTER AND DISCLAIMER**

The applicant shall incorporate into just the ORIGINAL application the Acknowledgement letter and Disclaimer. Only the Acknowledgment Letter shall be reproduced onto the agency's official letter head. Both the Acknowledgment Letter and Disclaimer shall be signed by the authorized signatory for the agency. Include name and title of signatory. Include the Acknowledgment Letter and Disclaimer as Attachment IV of the proposal package.

### **X. INSTRUCTIONS FOR AFFIDAVIT OF COMPLIANCE WITH FEDERAL, STATE, LOCAL REGULATIONS**

Please read the Affidavit and sign to attest compliance with federal, state and local regulations.

### **XI. INSTRUCTIONS FOR ATTACHMENTS**

For the original and four copies, attach the following documents:

|                |  |
|----------------|--|
| Attachment I   | Current Organizational Operating Budget  |
| Attachment II  | Current Board of Directors including names titles (or area of expertise) office held (if applicable) and length of service.            |
| Attachment III | Most recent copy of a Certified Audit. If no audit is available you must explain why and provide your most recent Financial Statement. |

For just the original application attach the additional following documents:

|               |  |
|---------------|--|
| Attachment IV | Proof of Federal Tax Identification                          |
| Attachment V  | Letter or Designation of Not-for-Profit Status if applicable |

### **APPLICATION DEADLINE DATE:**

**APRIL 8, 2011, 5:00 P.M.**

**LATE APPLICATIONS WILL NOT BE ACCEPTED.**

# **APPENDIX I**

## **Community Development Block Grant (CDBG)**

### **Regulations**

**Authority:** 42 U.S.C. 3535(d) and 5301–5320.

**Source:** 40 FR 24693, June 9, 1975, unless otherwise noted.

## Subpart A—General Provisions

**Source:** 53 FR 34437, Sept. 6, 1988, unless otherwise noted.

### § 570.1 Purpose and primary objective.

(a) This part describes policies and procedures applicable to the following programs authorized under title I of the Housing and Community Development Act of 1974, as amended:

- (1) Entitlement grants program (subpart D);
- (2) Non-entitlement Funds: HUD-administered Small Cities and Insular Area programs (subpart F);
- (3) State program: State-administered CDBG non-entitlement funds (subpart I);
- (4) Special Purpose Grants (subpart E);
- (5) Urban Development Action Grant program (subpart G); and
- (6) Loan Guarantees (subpart M).

(b) Subparts A, C, J, K, and O apply to all programs in paragraph (a) except as modified or limited under the provisions of these subparts or the applicable program regulations. In the application of the subparts to Special Purpose Grants or the Urban Development Action Grant program, the reference to funds in the form of grants in the term “*CDBG funds*”, as defined in §570.3, shall mean the grant funds under those programs. The subparts do not apply to the State program (subpart I) except to the extent expressly referred to.

(c) The primary objective of the programs authorized under title I of the Housing and Community Development Act of 1974, as amended, is described in section 101(c) of the Act (42 U.S.C. 5301(c)).

[53 FR 34437, Sept. 6, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 61 FR 11475, Mar. 20, 1996; 69 FR 32778, June 10, 2004]

### § 570.3 Definitions.

The terms *HUD* and *Secretary* are defined in 24 CFR part 5. All of the following definitions in this section that rely on data from the United States Bureau of the Census shall rely upon the data available from the latest decennial census.

*Act* means title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 *et seq.* ).

*Age of housing* means the number of year-round housing units, as further defined in section 102(a)(11) of the Act.

*Applicant* means a State or unit of general local government that makes application pursuant to the provisions of subpart E, F, G or M.

*Buildings for the general conduct of government* shall have the meaning provided in section 102(a)(21) of the Act.

*CDBG funds* means Community Development Block Grant funds, including funds received in the form of grants under subpart D, F, or §570.405 of this part, funds awarded under section 108(q) of the Housing and Community Development Act of 1974, loans guaranteed under subpart M of this part, urban renewal surplus grant funds, and program income as defined in §570.500(a).

*Chief executive officer* of a State or unit of general local government means the elected official or the legally designated official, who has the primary responsibility for the conduct of that entity's governmental affairs. Examples of the "chief executive officer" of a unit of general local government are: the elected mayor of a municipality; the elected county executive of a county; the chairperson of a county commission or board in a county that has no elected county executive; and the official designated pursuant to law by the governing body of a unit of general local government.

*City* means the following:

(1) For purposes of Entitlement Community Development Block Grant and Urban Development Action Grant eligibility:

(i) Any unit of general local government that is classified as a municipality by the United States Bureau of the Census, or

(ii) Any other unit of general local government that is a town or township and that, in the determination of the Secretary:

(A) Possesses powers and performs functions comparable to those associated with municipalities;

(B) Is closely settled (except that the Secretary may reduce or waive this requirement on a case by case basis for the purposes of the Action Grant program); and

(C) Contains within its boundaries no incorporated places as defined by the United States Bureau of the Census that have not entered into cooperation agreements with the town or township for a period covering at least 3 years to undertake or assist in the undertaking of essential community development and housing assistance activities. The determination of eligibility of a town or township to qualify as a city will be based on information available from the United States Bureau of the Census and information provided by the town or township and its included units of general local government.

(2) For purposes of Urban Development Action Grant eligibility only, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, the counties of Kauai, Maui, and Hawaii in the State of Hawaii, and Indian tribes that are eligible recipients under the State and Local Government Fiscal Assistance Act of 1972 and located on reservations in Oklahoma as determined by the Secretary of the Interior or in Alaskan Native Villages.

*Community Development Financial Institution* has the same meaning as used in the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 note).

*Consolidated plan.* The plan prepared in accordance with 24 CFR part 91, which describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD programs, including the CDBG program. An approved consolidated plan means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

*Discretionary grant* means a grant made from the various Special Purpose Grants in accordance with subpart E of this part.

*Entitlement amount* means the amount of funds which a metropolitan city is entitled to receive under the Entitlement grant program, as determined by formula set forth in section 106 of the Act.

*Extent of growth lag* shall have the meaning provided in section 102(a)(12) of the Act.

*Extent of housing overcrowding* shall have the meaning provided in section 102(a)(10) of the Act.

*Extent of poverty* means the number of persons whose incomes are below the poverty level based on data compiled and published by the United States Bureau of the Census available from the latest census referable to the same point or period in time and the

latest reports from the Office of Management and Budget. For purposes of this part, the Secretary has determined that it is neither feasible nor appropriate to make adjustments at this time in the computations of “extent of poverty” for regional or area variations in income and cost of living.

*Family* means all persons living in the same household who are related by birth, marriage or adoption.

*Household* means all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

*Income.* For the purpose of determining whether a family or household is low- and moderate-income under subpart C of this part, grantees may select any of the three definitions listed below for each activity, except that integrally related activities of the same type and qualifying under the same paragraph of §570.208(a) shall use the same definition of income. The option to choose a definition does not apply to activities that qualify under §570.208(a)(1) (Area benefit activities), except when the recipient carries out a survey under §570.208(a)(1)(vi). Activities qualifying under §570.208(a)(1) generally must use the area income data supplied to recipients by HUD. The three definitions are as follows:

(1)(i) “Annual income” as defined under the Section 8 Housing Assistance Payments program at 24 CFR 813.106 (except that if the CDBG assistance being provided is homeowner rehabilitation under §570.202, the value of the homeowner's primary residence may be excluded from any calculation of Net Family Assets); or

(ii) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:

(A) Wages, salaries, tips, commissions, etc.;

(B) Self-employment income from own non-farm business, including proprietorships and partnerships;

(C) Farm self-employment income;

(D) Interest, dividends, net rental income, or income from estates or trusts;

(E) Social Security or railroad retirement;

(F) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;



(G) Retirement, survivor, or disability pensions; and

(H) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

(iii) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

(2) Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

*Insular area* shall have the meaning provided in section 102(a)(24) of the Act.

*Low- and moderate-income household* means a household having an income equal to or less than the Section 8 low-income limit established by HUD.

*Low- and moderate-income person* means a member of a family having an income equal to or less than the Section 8 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

*Low-income household* means a household having an income equal to or less than the Section 8 very low-income limit established by HUD.

*Low-income person* means a member of a family that has an income equal to or less than the Section 8 very low-income limit established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

*Metropolitan area* shall have the meaning provided in section 102(a)(3) of the Act.

*Metropolitan city* shall have the meaning provided in section 102(a)(4) of the Act except that the term "central city" is replaced by "principal city."

*Microenterprise* shall have the meaning provided in section 102(a)(22) of the Act.

*Moderate-income household* means a household having an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD.

*Moderate-income person* means a member of a family that has an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income

limit, established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

*Nonentitlement amount* means the amount of funds which is allocated for use in a State's nonentitlement areas as determined by formula set forth in section 106 of the Act.

*Nonentitlement area* shall have the meaning provided in section 102(a)(7) of the Act.

*Population* means the total resident population based on data compiled and published by the United States Bureau of the Census available from the latest census or which has been upgraded by the Bureau to reflect the changes resulting from the Boundary and Annexation Survey, new incorporations and consolidations of governments pursuant to §570.4, and which reflects, where applicable, changes resulting from the Bureau's latest population determination through its estimating technique using natural changes (birth and death) and net migration, and is referable to the same point or period in time.

*Small business* means a business that meets the criteria set forth in section 3(a) of the Small Business Act (15 U.S.C. 631, 636, 637).

*State* shall have the meaning provided in section 102(a)(2) of the Act.

*Unit of general local government* shall have the meaning provided in section 102(a)(1) of the Act.

*Urban county* shall have the meaning provided in section 102(a)(6) of the Act. For the purposes of this definition, HUD will determine whether the county's combined population contains the required percentage of low- and moderate-income persons by identifying the number of persons that resided in applicable areas and units of general local government based on data from the most recent decennial census, and using income limits that would have applied for the year in which that census was taken.

*Urban Development Action Grant (UDAG)* means a grant made by the Secretary pursuant to section 119 of the Act and subpart G of this part.

[53 FR 34437, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 56 FR 56126, Oct. 31, 1991; 60 FR 1915, 1943, Jan. 5, 1995; 60 FR 56909, Nov. 9, 1995; 61 FR 5209, Feb. 9, 1996; 61 FR 11475, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004]

## § 570.4 Allocation of funds.

(a) The determination of eligibility of units of general local government to receive entitlement grants, the entitlement amounts, the allocation of appropriated funds to

States for use in nonentitlement areas, the reallocation of funds, the allocation of appropriated funds to insular areas, and the allocation of appropriated funds for discretionary grants under the Secretary's Fund shall be governed by the policies and procedures described in sections 106 and 107 of the Act, as appropriate.

(b) The definitions in §570.3 shall govern in applying the policies and procedures described in sections 106 and 107 of the Act.

(c) In determining eligibility for entitlement and in allocating funds under section 106 of the Act for any federal fiscal year, HUD will recognize corporate status and geographical boundaries and the status of metropolitan areas and principal cities effective as of July 1 preceding such federal fiscal year, subject to the following limitations:

(1) With respect to corporate status as certified by the applicable State and available for processing by the Census Bureau as of such date;

(2) With respect to boundary changes or annexations, as are used by the Census Bureau in preparing population estimates for all general purpose governmental units and are available for processing by the Census Bureau as of such date, except that any such boundary changes or annexations which result in the population of a unit of general local government reaching or exceeding 50,000 shall be recognized for this purpose whether or not such changes are used by the Census Bureau in preparing such population estimates; and

(3) With respect to the status of Metropolitan Statistical Areas and principal cities, as officially designated by the Office of Management and Budget as of such date.

(d) In determining whether a county qualifies as an urban county, and in computing entitlement amounts for urban counties, the demographic values of population, poverty, housing overcrowding, and age of housing of any Indian tribes located within the county shall be excluded. In allocating amounts to States for use in nonentitlement areas, the demographic values of population, poverty, housing overcrowding and age of housing of all Indian tribes located in all nonentitled areas shall be excluded. It is recognized that all such data on Indian tribes are not generally available from the United States Bureau of the Census and that missing portions of data will have to be estimated. In accomplishing any such estimates the Secretary may use such other related information available from reputable sources as may seem appropriate, regardless of the data's point or period of time and shall use the best judgment possible in adjusting such data to reflect the same point or period of time as the overall data from which the Indian tribes are being deducted, so that such deduction shall not create an imbalance with those overall data.

(e) Amounts remaining after closeout of a grant which are required to be returned to HUD under the provisions of §570.509, Grant closeout procedures, shall be considered

as funds available for reallocation unless the appropriation under which the funds were provided to the Department has lapsed.

[53 FR 34437, Sept. 6, 1988, as amended at 68 FR 69582, Dec. 12, 2003; 69 FR 32778, June 10, 2004]

## § 570.5 Waivers.

HUD's authority for the waiver of regulations and for the suspension of requirements to address damage in a Residentially declared disaster area is described in 24 CFR part 5 and in section 122 of the Act, respectively.

[61 FR 11476, Mar. 20, 1996]

### Subpart B [Reserved]

### Subpart C—Eligible Activities

**Source:** 53 FR 34439, Sept. 6, 1988, unless otherwise noted.

## § 570.200 General policies.

(a) *Determination of eligibility.* An activity may be assisted in whole or in part with CDBG funds only if all of the following requirements are met:

(1) *Compliance with section 105 of the Act.* Each activity must meet the eligibility requirements of section 105 of the Act as further defined in this subpart.

(2) *Compliance with national objectives.* Grant recipients under the Entitlement and HUD-administered Small Cities programs and recipients of insular area funds under section 106 of the Act must certify that their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives of benefit to low- and moderate-income families or aid in the prevention or elimination of slums or blight. The projected use of funds may also include activities that the recipient certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. Consistent with the foregoing, each recipient under the Entitlement or HUD-administered Small Cities programs, and each recipient of insular area funds under section 106 of the Act must ensure and maintain evidence that each of its activities assisted with CDBG funds meets one of the three national objectives as contained in its certification. Criteria for determining whether an activity addresses one or more of these objectives are found in §570.208.

(3) *Compliance with the primary objective.* The primary objective of the Act is described in section 101(c) of the Act. Consistent with this objective, entitlement recipients, non-

entitlement CDBG grantees in Hawaii, and recipients of insular area funds under section 106 of the Act must ensure that, over a period of time specified in their certification not to exceed three years, not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under §570.208(a) or under §570.208(d)(5) or (6) for benefiting low- and moderate-income persons. For grants under section 107 of the Act, insular area recipients must meet this requirement for each separate grant. See §570.420(d)(3) for additional discussion of the primary objective requirement for insular areas funded under section 106 of the Act. The requirements for the HUD-administered Small Cities program in New York are at §570.420(d)(2). In determining the percentage of funds expended for such activities:

(i) Cost of administration and planning eligible under §570.205 and §570.206 will be assumed to benefit low and moderate income persons in the same proportion as the remainder of the CDBG funds and, accordingly shall be excluded from the calculation;

(ii) Funds deducted by HUD for repayment of urban renewal temporary loans pursuant to §570.802(b) shall be excluded;

(iii) Funds expended for the repayment of loans guaranteed under the provisions of subpart M shall also be excluded;

(iv) Funds expended for the acquisition, new construction or rehabilitation of property for housing that qualifies under §570.208(a)(3) shall be counted for this purpose but shall be limited to an amount determined by multiplying the total cost (including CDBG and non-CDBG costs) of the acquisition, construction or rehabilitation by the percent of units in such housing to be occupied by low and moderate income persons.

(v) Funds expended for any other activities qualifying under §570.208(a) shall be counted for this purpose in their entirety.

(4) *Compliance with environmental review procedures.* The environmental review procedures set forth at 24 CFR part 58 must be completed for each activity (or project as defined in 24 CFR part 58), as applicable.

(5) *Cost principles.* Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with OMB Circulars A-87, "Cost Principles for State, Local and Indian Tribal Governments"; A-122, "Cost Principles for Non-profit Organizations"; or A-21, "Cost Principles for Educational Institutions," as applicable.<sup>1</sup> All items of cost listed in Attachment B of these Circulars that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in Attachment A of such circulars and are otherwise eligible under this subpart C, except for the following:

<sup>1</sup> These circulars are available from the American Communities Center by calling the following toll-free numbers: (800) 998-9999 or (800) 483-2209 (TDD).

(i) Depreciation methods for fixed assets shall not be changed without HUD's specific approval or, if charged through a cost allocation plan, the Federal cognizant agency.

(ii) Fines and penalties (including punitive damages) are unallowable costs to the CDBG program.

(iii) Pre-award costs are limited to those authorized under paragraph (h) of this section.

(b) *Special policies governing facilities.* The following special policies apply to:

(1) *Facilities containing both eligible and ineligible uses.* A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing ineligible uses, if:

(i) The facility which is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and

(ii) The recipient can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility.

Allowable costs are limited to those attributable to the eligible portion of the building or facility.

(2) *Fees for use of facilities.* Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges such as excessive membership fees, which will have the effect of precluding low and moderate income persons from using the facilities, are not permitted.

(c) *Special assessments under the CDBG program.* The following policies relate to special assessments under the CDBG program:

(1) *Definition of special assessment.* The term "special assessment" means the recovery of the capital costs of a public improvement, such as streets, water or sewer lines, curbs, and gutters, through a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement, or a one-time charge made as a condition of access to a public improvement. This term does not relate to taxes, or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes, and does not include periodic charges based on the use of a public improvement, such as

water or sewer user charges, even if such charges include the recovery of all or some portion of the capital costs of the public improvement.

(2) *Special assessments to recover capital costs.* Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:

(i) Special assessments to recover the CDBG funds may be made only against properties owned and occupied by persons not of low and moderate income. Such assessments constitute program income.

(ii) Special assessments to recover the non-CDBG portion may be made provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if the grant recipient certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

(3) *Public improvements not initially assisted with CDBG funds.* The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments provided:

(i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this part including environmental, citizen participation and Davis-Bacon requirements;

(ii) The installation of the public improvement meets a criterion for national objectives in §570.208(a)(1), (b), or (c); and

(iii) The requirements of §570.200(c)(2)(ii) are met.

(d) *Consultant activities.* Consulting services are eligible for assistance under this part for professional assistance in program planning, development of community development objectives, and other general professional guidance relating to program execution. The use of consultants is governed by the following:

(1) *Employer-employee type of relationship.* No person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the

Executive Schedule. Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards, and compensation.

(2) *Independent contractor relationship.* Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36, and are not subject to the compensation limitation of Level IV of the Executive Schedule.

(e) *Recipient determinations required as a condition of eligibility.* In several instances under this subpart, the eligibility of an activity depends on a special local determination. Recipients shall maintain documentation of all such determinations. A written determination is required for any activity carried out under the authority of §§570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(f) *Means of carrying out eligible activities.* (1) Activities eligible under this subpart, other than those authorized under §570.204(a), may be undertaken, subject to local law:

(i) By the recipient through:

(A) Its employees, or

(B) Procurement contracts governed by the requirements of 24 CFR 85.36; or

(ii) Through loans or grants under agreements with subrecipients, as defined at §570.500(c); or

(iii) By one or more public agencies, including existing local public agencies, that are designated by the chief executive officer of the recipient.

(2) Activities made eligible under §570.204(a) may only be undertaken by entities specified in that section.

(g) *Limitation on planning and administrative costs.* No more than 20 percent of the sum of any grant, plus program income, shall be expended for planning and program administrative costs, as defined in §§570.205 and 507.206, respectively. Recipients of entitlement grants under subpart D of this part shall conform with this requirement by limiting the amount of CDBG funds obligated for planning plus administration during each program year to an amount no greater than 20 percent of the sum of its entitlement grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year.

(h) *Reimbursement for pre-award costs.* The effective date of the grant agreement is the program year start date or the date that the consolidated plan is received by HUD,



whichever is later. For a Section 108 loan guarantee, the effective date of the grant agreement is the date of HUD execution of the grant agreement amendment for the particular loan guarantee commitment.

(1) Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that:

(i) The activity for which the costs are being incurred is included, prior to the costs being incurred, in a consolidated plan action plan, an amended consolidated plan action plan, or an application under subpart M of this part, except that a new entitlement grantee preparing to receive its first allocation of CDBG funds may incur costs necessary to develop its consolidated plan and undertake other administrative actions necessary to receive its first grant, prior to the costs being included in its consolidated plan;

(ii) Citizens are advised of the extent to which these pre-award costs will affect future grants;

(iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58;

(iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;

(v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and

(vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or \$300,000.

(2) Upon the written request of the recipient, HUD may authorize payment of pre-award costs for activities that do not meet the criteria at paragraph (h)(1)(v) or (h)(1)(vi) of this section, if HUD determines, in writing, that there is good cause for granting an exception upon consideration of the following factors, as applicable:

(i) Whether granting the authority would result in a significant contribution to the goals and purposes of the CDBG program;

(ii) Whether failure to grant the authority would result in undue hardship to the recipient or beneficiaries of the activity;

(iii) Whether granting the authority would not result in a violation of a statutory provision or any other regulatory provision;

(iv) Whether circumstances are clearly beyond the recipient's control; or

(v) Any other relevant considerations.

(i) *Urban Development Action Grant.* Grant assistance may be provided with Urban Development Action Grant funds, subject to the provisions of subpart G, for:

(1) Activities eligible for assistance under this subpart; and

(2) Notwithstanding the provisions of §570.207, such other activities as the Secretary may determine to be consistent with the purposes of the Urban Development Action Grant program.

(j) *Faith-based activities.* (1) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the CDBG program. Neither the Federal government nor a State or local government receiving funds under CDBG programs shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(2) Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(3) A religious organization that participates in the CDBG program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct CDBG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide CDBG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a CDBG-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

(4) An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(5) CDBG funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities.

CDBG funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, CDBG funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in this part. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition ( see 24 CFR parts 84 and 85).

(6) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

[53 FR 34439, Sept. 6, 1988, as amended at 54 FR 47031, Nov. 8, 1989; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56910, Nov. 9, 1995; 61 FR 11476, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 68 FR 56404, Sept. 30, 2003; 69 FR 32778, June 10, 2004; 70 FR 76369, Dec. 23, 2005; 72 FR 46370, Aug. 17, 2007]

## § 570.201 Basic eligible activities.

CDBG funds may be used for the following activities:

(a) *Acquisition.* Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of §570.207.

(b) *Disposition.* Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in §570.504.

(c) *Public facilities and improvements.* Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in §570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in §570.207(a)(1).) In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as

decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in §570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in §570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in §570.200(b).

(d) *Clearance and remediation activities.* Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites and remediation of known or suspected environmental contamination. Demolition of HUD-assisted or HUD-owned housing units may be undertaken only with the prior approval of HUD. Remediation may include project-specific environmental assessment costs not otherwise eligible under §570.205.

(e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under §570.207(b)(4)), homebuyer down payment assistance, or recreational needs. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:

(1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in §570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program

year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.

(2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from Federal fiscal year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:

(i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus

(ii) A portion of the grant received for the program year which is the highest of the following amounts:

(A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;

(B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;

(C) The amount of funds it obligated for public services in the 1982 program year; or,

(D) The amount of funds it obligated for public services in the 1983 program year.

(f) *Interim assistance.* (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:

(i) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and

(ii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.

(2) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:

(i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;

(ii) The clearance of streets, including snow removal and similar activities, and

(iii) The improvement of private properties.

(3) All activities authorized under paragraph (f)(2) of this section are limited to the extent necessary to alleviate emergency conditions.

(g) *Payment of non-Federal share.* Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.

(h) *Urban renewal completion.* Payment of the cost of completing an urban renewal project funded under title I of the Housing Act of 1949 as amended. Further information regarding the eligibility of such costs is set forth in §570.801.

(i) *Relocation.* Relocation payments and other assistance for permanently and temporarily relocated individuals families, businesses, nonprofit organizations, and farm operations where the assistance is (1) required under the provisions of §570.606 (b) or (c); or (2) determined by the grantee to be appropriate under the provisions of §570.606(d).

(j) *Loss of rental income.* Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.

(k) *Housing services.* Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)).

(l) *Privately owned utilities.* CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

(m) *Construction of housing.* CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

(n) *Homeownership assistance.* CDBG funds may be used to provide direct homeownership assistance to low- or moderate-income households in accordance with section 105(a) of the Act.

(o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:

(i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;

(ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and

(iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.

(2) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.

(3) For purposes of this paragraph (o), “persons developing microenterprises” means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

(4) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).

(p) *Technical assistance.* Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under §570.205.

(q) *Assistance to institutions of higher education.* Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

[53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 17, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 67 FR 47213, July 17, 2002; 71 FR 30034, May 24, 2006]

§ 570.202 Eligible rehabilitation and preservation activities.

(a) *Types of buildings and improvements eligible for rehabilitation assistance.* CDBG funds may be used to finance the rehabilitation of:

(1) Privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building;

(2) Low-income public housing and other publicly owned residential buildings and improvements;

(3) Publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvement to the exterior of the building, abatement of asbestos hazards, lead-based paint hazard evaluation and reduction, and the correction of code violations;

(4) Nonprofit-owned nonresidential buildings and improvements not eligible under §570.201(c); and

(5) Manufactured housing when such housing constitutes part of the community's permanent housing stock.

(b) *Types of assistance.* CDBG funds may be used to finance the following types of rehabilitation activities, and related costs, either singly, or in combination, through the use of grants, loans, loan guarantees, interest supplements, or other means for buildings and improvements described in paragraph (a) of this section, except that rehabilitation of commercial or industrial buildings is limited as described in paragraph (a)(3) of this section.

(1) Assistance to private individuals and entities, including profit making and nonprofit organizations, to acquire for the purpose of rehabilitation, and to rehabilitate properties, for use or resale for residential purposes;

(2) Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures and improvements, abatement of asbestos hazards (and other contaminants) in buildings and improvements that may be undertaken singly, or in combination;



(3) Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds if such financing is determined by the recipient to be necessary or appropriate to achieve the locality's community development objectives;

(4) Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;

(5) Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks;

(6) Connection of residential structures to water distribution lines or local sewer collection lines;

(7) For rehabilitation carried out with CDBG funds, costs of:

(i) Initial homeowner warranty premiums;

(ii) Hazard insurance premiums, except where assistance is provided in the form of a grant; and

(iii) Flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, pursuant to §570.605.

(8) Costs of acquiring tools to be lent to owners, tenants, and others who will use such tools to carry out rehabilitation;

(9) Rehabilitation services, such as rehabilitation counseling, energy auditing, preparation of work specifications, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in rehabilitation activities authorized under this section, under section 312 of the Housing Act of 1964, as amended, under section 810 of the Act, or under section 17 of the United States Housing Act of 1937;

(10) Assistance for the rehabilitation of housing under section 17 of the United States Housing Act of 1937; and

(11) Improvements designed to remove material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to buildings and improvements eligible for assistance under paragraph (a) of this section.

(c) *Code enforcement.* Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement

inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area.

(d) *Historic preservation.* CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance. Historic preservation, however, is not authorized for buildings for the general conduct of government.

(e) *Renovation of closed buildings.* CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.

(f) *Lead-based paint activities.* Lead-based paint activities pursuant to §570.608.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 64 FR 50225, Sept. 15, 1999; 71 FR 30035, May 24, 2006]

## § 570.203 Special economic development activities.

A recipient may use CDBG funds for special economic development activities in addition to other activities authorized in this subpart that may be carried out as part of an economic development project. Guidelines for selecting activities to assist under this paragraph are provided at §570.209. The recipient must ensure that the appropriate level of public benefit will be derived pursuant to those guidelines before obligating funds under this authority. Special activities authorized under this section do not include assistance for the construction of new housing. Activities eligible under this section may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination. Special economic development activities include:

(a) The acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.

(b) The provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an

economic development project, excluding those described as ineligible in §570.207(a). In selecting businesses to assist under this authority, the recipient shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods.

(c) Economic development services in connection with activities eligible under this section, including, but not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of all necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities, including the costs of providing necessary training for persons filling those positions.

[53 FR 34439, Sept. 6, 1988, as amended at 60 FR 1944, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

#### § 570.204 Special activities by Community-Based Development Organizations (CBDOs).

(a) *Eligible activities.* The recipient may provide CDBG funds as grants or loans to any CBDO qualified under this section to carry out a neighborhood revitalization, community economic development, or energy conservation project. The funded project activities may include those listed as eligible under this subpart, and, except as described in paragraph (b) of this section, activities not otherwise listed as eligible under this subpart. For purposes of qualifying as a project under paragraphs (a)(1), (a)(2), and (a)(3) of this section, the funded activity or activities may be considered either alone or in concert with other project activities either being carried out or for which funding has been committed. For purposes of this section:

(1) Neighborhood revitalization project includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of general local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population;

(2) Community economic development project includes activities that increase economic opportunity, principally for persons of low- and moderate-income, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address a lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii); activities under this paragraph may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination;

(3) Energy conservation project includes activities that address energy conservation, principally for the benefit of the residents of the recipient's jurisdiction; and

(4) To carry out a project means that the CBDO undertakes the funded activities directly or through contract with an entity other than the grantee, or through the provision of financial assistance for activities in which it retains a direct and controlling involvement and responsibilities.

(b) *Ineligible activities.* Notwithstanding that CBDOs may carry out activities that are not otherwise eligible under this subpart, this section does not authorize:

(1) Carrying out an activity described as ineligible in §570.207(a);

(2) Carrying out public services that do not meet the requirements of §570.201(e), except that:

(i) Services carried out under this section that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services; and

ii) Services of any type carried out under this section pursuant to a strategy approved by HUD under the provisions of 24 CFR 91.215(e) shall not be subject to the limitations in §570.201(e)(1) or (2), as applicable;

(3) Providing assistance to activities that would otherwise be eligible under §570.203 that do not meet the requirements of §570.209; or

(4) Carrying out an activity that would otherwise be eligible under §570.205 or §570.206, but that would result in the recipient's exceeding the spending limitation in §570.200(g).

(c) *Eligible CBDOs.* (1) A CBDO qualifying under this section is an organization which has the following characteristics:

(i) Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation within the jurisdiction of the recipient, or in the case of an urban county, the jurisdiction of the county; and

(ii) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical

problems of the area, with particular attention to the needs of persons of low and moderate income; and

(iii) May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and

(iv) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and

(v) Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity (even though such persons may be otherwise qualified under paragraph (c)(1)(iv) of this section); and

(vi) Except as otherwise authorized in paragraph (c)(1)(v) of this section, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and

(vii) Is not subject to requirements under which its assets revert to the recipient upon dissolution; and

(viii) Is free to contract for goods and services from vendors of its own choosing.

(2) A CBDO that does not meet the criteria in paragraph (c)(1) of this section may also qualify as an eligible entity under this section if it meets one of the following requirements:

(i) Is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681(d)), including those which are profit making; or

(ii) Is an SBA approved Section 501 State Development Company or Section 502 Local Development Company, or an SBA Certified Section 503 Company under the Small Business Investment Act of 1958, as amended; or

(iii) Is a Community Housing Development Organization (CHDO) under 24 CFR 92.2, designated as a CHDO by the HOME Investment Partnerships program participating jurisdiction, with a geographic area of operation of no more than one neighborhood, and has received HOME funds under 24 CFR 92.300 or is expected to receive HOME funds as described in and documented in accordance with 24 CFR 92.300(e).

(3) A CBDO that does not qualify under paragraph (c)(1) or (2) of this section may also be determined to qualify as an eligible entity under this section if the recipient demonstrates to the satisfaction of HUD, through the provision of information regarding the organization's charter and by-laws, that the organization is sufficiently similar in purpose, function, and scope to those entities qualifying under paragraph (c)(1) or (2) of this section.

[60 FR 1944, Jan. 5, 1995, as amended at 71 FR 30035, May 24, 2006]

#### § 570.205 Eligible planning, urban environmental design and policy-planning-management-capacity building activities.

(a) Planning activities which consist of all costs of data gathering, studies, analysis, and preparation of plans and the identification of actions that will implement such plans, including, but not limited to:

(1) Comprehensive plans;

(2) Community development plans;

(3) Functional plans, in areas such as:

(i) Housing, including the development of a consolidated plan;

(ii) Land use and urban environmental design;

(iii) Economic development;

(iv) Open space and recreation;

(v) Energy use and conservation;

(vi) Floodplain and wetlands management in accordance with the requirements of Executive Orders 11988 and 11990;

(vii) Transportation;

(viii) Utilities; and

(ix) Historic preservation.

(4) Other plans and studies such as:

(i) Small area and neighborhood plans;

(ii) Capital improvements programs;

(iii) Individual project plans (but excluding engineering and design costs related to a specific activity which are eligible as part of the cost of such activity under §§570.201–570.204);

(iv) The reasonable costs of general environmental, urban environmental design and historic preservation studies; and general environmental assessment- and remediation-oriented planning related to properties with known or suspected environmental contamination. However, costs necessary to comply with 24 CFR part 58, including project specific environmental assessments and clearances for activities eligible for assistance under this part, are eligible as part of the cost of such activities under §§570.201–570.204. Costs for such specific assessments and clearances may also be incurred under this paragraph but would then be considered planning costs for the purposes of §570.200(g);

(v) Strategies and action programs to implement plans, including the development of codes, ordinances and regulations;

(vi) Support of clearinghouse functions, such as those specified in Executive Order 12372; and

(vii) Analysis of impediments to fair housing choice.

(viii) Developing an inventory of properties with known or suspected environmental contamination.

(6) Policy—planning—management—capacity building activities which will enable the recipient to:

(1) Determine its needs;

(2) Set long-term goals and short-term objectives, including those related to urban environmental design;

(3) Devise programs and activities to meet these goals and objectives;

(4) Evaluate the progress of such programs and activities in accomplishing these goals and objectives; and

(5) Carry out management, coordination and monitoring of activities necessary for effective planning implementation, but excluding the costs necessary to implement such plans.

[53 FR 34439, Sept. 6, 1988, as amended at 56 FR 56127, Oct. 31, 1991; 60 FR 1915, Jan. 5, 1995; 71 FR 30035, May 24, 2006]

## § 570.206 Program administrative costs.

Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under this part and, where applicable, housing activities (described in paragraph (g) of this section) covered in the recipient's housing assistance plan. This does not include staff and overhead costs directly related to carrying out activities eligible under §570.201 through §570.204, since those costs are eligible as part of such activities.

(a) *General management, oversight and coordination.* Reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include, but are not necessarily limited to, necessary expenditures for the following:

(1) Salaries, wages, and related costs of the recipient's staff, the staff of local public agencies, or other staff engaged in program administration. In charging costs to this category the recipient may either include the entire salary, wages, and related costs allocable to the program of each person whose *primary* responsibilities with regard to the program involve program administration assignments, or the pro rata share of the salary, wages, and related costs of each person whose job includes *any* program administration assignments. The recipient may use only one of these methods during the program year (or the grant period for grants under subpart F). Program administration includes the following types of assignments:

- (i) Providing local officials and citizens with information about the program;
- (ii) Preparing program budgets and schedules, and amendments thereto;
- (iii) Developing systems for assuring compliance with program requirements;
- (iv) Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities;
- (v) Monitoring program activities for progress and compliance with program requirements;
- (vi) Preparing reports and other documents related to the program for submission to HUD;
- (vii) Coordinating the resolution of audit and monitoring findings;



(viii) Evaluating program results against stated objectives; and

(ix) Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described in paragraph (a)(1)(i) through (viii) of this section.

(2) Travel costs incurred for official business in carrying out the program;

(3) Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services; and

(4) Other costs for goods and services required for administration of the program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

(b) *Public information.* The provisions of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of activities being assisted with CDBG funds.

(c) *Fair housing activities.* Provision of fair housing services designed to further the fair housing objectives of the Fair Housing Act (42 U.S.C. 3601–20) by making all persons, without regard to race, color, religion, sex, national origin, familial status or handicap, aware of the range of housing opportunities available to them; other fair housing enforcement, education, and outreach activities; and other activities designed to further the housing objective of avoiding undue concentrations of assisted persons in areas containing a high proportion of low and moderate income persons.

(d) [Reserved]

(e) *Indirect costs.* Indirect costs may be charged to the CDBG program under a cost allocation plan prepared in accordance with OMB Circular A–21, A–87, or A–122 as applicable.

(f) *Submission of applications for federal programs.* Preparation of documents required for submission to HUD to receive funds under the CDBG and UDAG programs. In addition, CDBG funds may be used to prepare applications for other Federal programs where the recipient determines that such activities are necessary or appropriate to achieve its community development objectives.

(g) *Administrative expenses to facilitate housing.* CDBG funds may be used for necessary administrative expenses in planning or obtaining financing for housing as follows: for entitlement recipients, assistance authorized by this paragraph is limited to units which are identified in the recipient's HUD approved housing assistance plan; for

HUD-administered small cities recipients, assistance authorized by the paragraph is limited to facilitating the purchase or occupancy of existing units which are to be occupied by low and moderate income households, or the construction of rental or owner units where at least 20 percent of the units in each project will be occupied at affordable rents/costs by low and moderate income persons. Examples of eligible actions are as follows:

- (1) The cost of conducting preliminary surveys and analysis of market needs;
  - (2) Site and utility plans, narrative descriptions of the proposed construction, preliminary cost estimates, urban design documentation, and "sketch drawings," but excluding architectural, engineering, and other details ordinarily required for construction purposes, such as structural, electrical, plumbing, and mechanical details;
  - (3) Reasonable costs associated with development of applications for mortgage and insured loan commitments, including commitment fees, and of applications and proposals under the Section 8 Housing Assistance Payments Program pursuant to 24 CFR parts 880–883;
  - (4) Fees associated with processing of applications for mortgage or insured loan commitments under programs including those administered by HUD, Farmers Home Administration (FHA), Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA);
  - (5) The cost of issuance and administration of mortgage revenue bonds used to finance the acquisition, rehabilitation or construction of housing, but excluding costs associated with the payment or guarantee of the principal or interest on such bonds; and
  - (6) Special outreach activities which result in greater landlord participation in Section 8 Housing Assistance Payments Program-Existing Housing or similar programs for low and moderate income persons.
- (h) *Section 17 of the United States Housing Act of 1937.* Reasonable costs equivalent to those described in paragraphs (a), (b), (e) and (f) of this section for overall program management of the Rental Rehabilitation and Housing Development programs authorized under section 17 of the United States Housing Act of 1937, whether or not such activities are otherwise assisted with funds provided under this part.
- (i) Whether or not such activities are otherwise assisted by funds provided under this part, reasonable costs equivalent to those described in paragraphs (a), (b), (e), and (f) of this section for overall program management of:
- (1) A Federally designated Empowerment Zone or Enterprise Community; and

(2) The HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note).

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 54 FR 37411, Sept. 8, 1989; 60 FR 56912, Nov. 9, 1995; 69 FR 32778, June 10, 2004]

## § 570.207 Ineligible activities.

The general rule is that any activity that is not authorized under the provisions of §§570.201–570.206 is ineligible to be assisted with CDBG funds. This section identifies specific activities that are ineligible and provides guidance in determining the eligibility of other activities frequently associated with housing and community development.

(a) The following activities may not be assisted with CDBG funds:

(1) *Buildings or portions thereof, used for the general conduct of government* as defined at §570.3(d) cannot be assisted with CDBG funds. This does not include, however, the removal of architectural barriers under §570.201(c) involving any such building. Also, where acquisition of real property includes an existing improvement which is to be used in the provision of a building for the general conduct of government, the portion of the acquisition cost attributable to the land is eligible, provided such acquisition meets a national objective described in §570.208.

(2) *General government expenses.* Except as otherwise specifically authorized in this subpart or under OMB Circular A–87, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.

(3) *Political activities.* CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

(b) The following activities may not be assisted with CDBG funds unless authorized under provisions of §570.203 or as otherwise specifically noted herein or when carried out by an entity under the provisions of §570.204.

(1) *Purchase of equipment.* The purchase of equipment with CDBG funds is generally ineligible.

(i) *Construction equipment.* The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to OMB Circulars A-21, A-87 or A-122 as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under §570.201(c).

(ii) *Fire protection equipment.* Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under §570.201(c).

(iii) *Furnishings and personal property.* The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances (in accordance with OMB Circular A-21, A-87 or A-122, as applicable) for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as fire fighting equipment, or when such items constitute all or part of a public service pursuant to §570.201(e).

(2) *Operating and maintenance expenses.* The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under §570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

(i) Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and

(ii) Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.

(3) *New housing construction.* For the purpose of this paragraph, activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in §570.206(g), are not considered as

activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except:

(i) As provided under the last resort housing provisions set forth in 24 CFR part 42;

(ii) As authorized under §570.201(m) or (n);

(iii) When carried out by an entity pursuant to §570.204(a);

(4) *Income payments.* The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, “income payments” means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 56912, Nov. 9, 1995; 65 FR 70215, Nov. 21, 2000]

## § 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under §570.200(a)(2):

(a) *Activities benefiting low- and moderate-income persons.* Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) *Area benefit activities.* (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under §570.208(a)(1)(i), except that the area served contains less than 51 percent low- and moderate-income residents, will also be considered to meet the objective of benefiting low- and moderate-income persons where the proportion of such persons in

the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. This exception is inapplicable to non-entitlement CDBG grants in Hawaii. In applying this exception, HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose, as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

(B) In any case where the total number of a recipient's block groups does not divide evenly by four, the block group which would be fractionally divided between the highest and second quartiles shall be considered to be part of the highest quartile.

(C) The proportion of low and moderate income persons in the last census block group in the highest quartile shall be identified. Any service area located within the recipient's jurisdiction and having a proportion of low and moderate income persons at or above this level shall be considered to be within the highest quartile.

(D) If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary may be used in the above calculations.

(iii) An activity to develop, establish, and operate for up to two years after the establishment of, a uniform emergency telephone number system serving an area having less than the percentage of low- and moderate-income residents required under paragraph (a)(1)(i) of this section or (as applicable) paragraph (a)(1)(ii) of this section, provided the recipient obtains prior HUD approval. To obtain such approval, the recipient must:

(A) Demonstrate that the system will contribute significantly to the safety of the residents of the area. The request for approval must include a list of the emergency services that will participate in the emergency telephone number system;

(B) Submit information that serves as a basis for HUD to determine whether at least 51 percent of the use of the system will be by low- and moderate-income persons. As available, the recipient must provide information that identifies the total number of calls actually received over the preceding 12-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, block numbering areas, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, HUD will assume that the distribution of income among the callers generally reflects the income characteristics of

the general population residing in the same geographic area where the callers reside. If HUD can conclude that the users have primarily consisted of low- and moderate-income persons, no further submission is needed by the recipient. If a recipient plans to make other submissions for this purpose, it may request that HUD review its planned methodology before expending the effort to acquire the information it expects to use to make its case;

(C) Demonstrate that other Federal funds received by the recipient are insufficient or unavailable for a uniform emergency telephone number system. For this purpose, the recipient must submit a statement explaining whether the lack of funds is due to the insufficiency of the amount of the available funds, restrictions on the use of such funds, or the prior commitment of funds by the recipient for other purposes; and

(D) Demonstrate that the percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low- and moderate-income persons in the service area of the system. For this purpose, the recipient must include a description of the boundaries of the service area of the emergency telephone number system, the census divisions that fall within the boundaries of the service area (census tracts or block numbering areas), the total number of persons and the total number of low- and moderate-income persons within each census division, the percentage of low- and moderate-income persons within the service area, and the total cost of the system.

(iv) An activity for which the assistance to a public improvement that provides benefits to all the residents of an area is limited to paying special assessments (as defined in §570.200(c)) levied against residential properties owned and occupied by persons of low and moderate income.

(v) For purposes of determining qualification under this criterion, activities of the same type that serve different areas will be considered separately on the basis of their individual service area.

(vi) In determining whether there is a sufficiently large percentage of low- and moderate-income persons residing in the area served by an activity to qualify under paragraph (a)(1) (i), (ii), or (vii) of this section, the most recently available decennial census information must be used to the fullest extent feasible, together with the section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. Recipients that believe that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity, may conduct (or have conducted) a current survey of the residents of the area to determine the percent of such persons that are low and moderate income. HUD will accept information obtained through such surveys, to be used in lieu of the decennial census data, where it determines that the survey was conducted in such a manner that the results meet standards of statistical reliability that are comparable to that of the decennial census data for areas of similar

size. Where there is substantial evidence that provides a clear basis to believe that the use of the decennial census data would substantially overstate the proportion of persons residing there that are low and moderate income, HUD may require that the recipient rebut such evidence in order to demonstrate compliance with section 105(c)(2) of the Act.

(vii) Activities meeting the requirements of paragraph (d)(5)(i) of this section may be considered to qualify under this paragraph, provided that the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains a percentage of low- and moderate-income residents that is no less than the percentage computed by HUD pursuant to paragraph (a)(1)(ii) of this section or 70 percent, whichever is less, but in no event less than 51 percent. Activities meeting the requirements of paragraph (d)(6)(i) of this section may also be considered to qualify under paragraph (a)(1) of this section.

(2) *Limited clientele activities.* (i) An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. (The following kinds of activities may not qualify under paragraph (a)(2) of this section: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (a)(2)(iv) of this section.) To qualify under paragraph (a)(2) of this section, the activity must meet one of the following tests:

(A) Benefit a clientele who are generally presumed to be principally low and moderate income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit; or

(C) Have income eligibility requirements which limit the activity exclusively to low and moderate income persons; or

(D) Be of such nature and be in such location that it may be concluded that the activity's clientele will primarily be low and moderate income persons.

(ii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current



Population Reports definition of “severely disabled” will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under paragraph (a)(1) of this section;

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under paragraph (a)(1) or (4) of this section; or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under paragraph (a)(3) of this section.

(iii) A microenterprise assistance activity carried out in accordance with the provisions of §570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(iv) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstance:

(A) In such cases where such training or provision of supportive services assists business(es), the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) *Housing activities.* An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the recipient, a subrecipient, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the

grouped buildings may be considered for this purpose as a single structure. Where housing activities being assisted meet the requirements of paragraph §570.208 (d)(5)(ii) or (d)(6)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining “affordable rents” for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low and moderate income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project;

(B) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

(ii) When CDBG funds are used to assist rehabilitation eligible under §570.202(b)(9) or (10) in direct support of the recipient's Rental Rehabilitation program authorized under 24 CFR part 511, such funds shall be considered to benefit low and moderate income persons where not less than 51 percent of the units assisted, or to be assisted, by the recipient's Rental Rehabilitation program overall are for low and moderate income persons.

(iii) When CDBG funds are used for housing services eligible under §570.201(k), such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME-assisted and the requirements at 24 CFR 92.252 or 92.254 are met.

(4) *Job creation or retention activities.* An activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. To qualify under this paragraph, the activity must meet the following criteria:

(i) For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

(ii) For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following

conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided:

(A) The job is known to be held by a low- or moderate-income person; or

(B) The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

(iii) Jobs that are not held or filled by a low- or moderate-income person may be considered to be available to low- and moderate-income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(1) Meets the requirements of paragraph (a)(4)(v) of this section; or

(2) Has at least 70 percent of its residents who are low- and moderate-income persons;  
or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (a)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (a)(4)(iv)(A)( 1 ) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least

30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

( 1 ) All block groups in the census tract have poverty rates of at least 20 percent;

( 2 ) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

( 3 ) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

(vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

(A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses which locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

(B) Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during each program year.

(C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during each program year.

(D) Where CDBG funds are used for activities meeting the criteria listed at §570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.

(F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.

( 1 ) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.

( 2 ) In any case where the cost per job to be created or retained (as determined under paragraph (a)(4)(vi)(F)( 1 ) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/improvement between the date the recipient identifies the activity in its action plan under part 91 of this title and the date one year after the physical completion of the facility/improvement. In addition, the assisted activity must comply with the public benefit standards at §570.209(b).

(b) *Activities which aid in the prevention or elimination of slums or blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) *Activities to address slums or blight on an area basis.* An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

( 1 ) Physical deterioration of buildings or improvements;

( 2 ) Abandonment of properties;

( 3 ) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;

( 4 ) Significant declines in property values or abnormally low property values relative to other areas in the community; or

( 5 ) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) Documentation is to be maintained by the recipient on the boundaries of the area and the conditions and standards used that qualified the area at the time of its designation. The recipient shall establish definitions of the conditions listed at §570.208(b)(1)(ii)(A), and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be redetermined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at §570.506 (b)(8)(ii).

(iv) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

(2) *Activities to address slums or blight on a spot basis.* The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) *Activities to address slums or blight in an urban renewal area.* An activity will be considered to address prevention or elimination of slums or blight in an urban renewal area if the activity is:

(i) Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to title I of the Housing Act of 1949; and

(ii) Necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

Note: Despite the restrictions in (b) (1) and (2) of this section, any rehabilitation activity which benefits low and moderate income persons pursuant to paragraph (a)(3) of this section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(c) *Activities designed to meet community development needs having a particular urgency.* In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the recipient certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification by the recipient.

(d) *Additional criteria.* (1) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a "change of use" under §570.505.

(2) Where the assisted activity is relocation assistance that the recipient is required to provide, such relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee the recipient may qualify the assistance either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low and moderate income persons.

(3) In any case where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the activity must meet the requirements of paragraph (a)(1) of this section as well as those of paragraph (a)(4) of this section in order to qualify as benefiting low and moderate income persons.

(4) CDBG funds expended for planning and administrative costs under §570.205 and §570.206 will be considered to address the national objectives.

(5) Where the grantee has elected to prepare an area revitalization strategy pursuant to the authority of §91.215(e) of this title and HUD has approved the strategy, the grantee may also elect the following options:

(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities in the area for which, pursuant to the strategy, CDBG assistance is obligated during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(6) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the grantee may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(7) Where an activity meeting the criteria at §570.209(b)(2)(v) may also meet the requirements of either paragraph (d)(5)(i) or (d)(6)(i) of this section, the grantee may elect to qualify the activity under either the area benefit criteria at paragraph (a)(1)(vii) of this section or the job aggregation criteria at paragraph (a)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (a)(4)(vi)(D) and (E) of this section, the grantee may elect to qualify the activity under either criterion, but not both.

[53 FR 34439, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1945, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56912, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 71 FR 30035, May 24, 2006; 72 FR 46370, Aug. 17, 2007]



## § 570.209 Guidelines for evaluating and selecting economic development projects.

The following guidelines are provided to assist the recipient to evaluate and select activities to be carried out for economic development purposes. Specifically, these guidelines are applicable to activities that are eligible for CDBG assistance under §570.203. These guidelines also apply to activities carried out under the authority of §570.204 that would otherwise be eligible under §570.203, were it not for the involvement of a Community-Based Development Organization (CBDO). (This would include activities where a CBDO makes loans to for-profit businesses.) These guidelines are composed of two components: guidelines for evaluating project costs and financial requirements; and standards for evaluating public benefit. The standards for evaluating public benefit are *mandatory*, but the guidelines for evaluating projects costs and financial requirements are not.

(a) *Guidelines and objectives for evaluating project costs and financial requirements.* HUD has developed guidelines that are designed to provide the recipient with a framework for financially underwriting and selecting CDBG-assisted economic development projects which are financially viable and will make the most effective use of the CDBG funds. These guidelines, also referred to as the underwriting guidelines, are published as appendix A to this part. The use of the underwriting guidelines published by HUD is not mandatory. However, grantees electing not to use these guidelines would be expected to conduct basic financial underwriting prior to the provision of CDBG financial assistance to a for-profit business. Where appropriate, HUD's underwriting guidelines recognize that different levels of review are appropriate to take into account differences in the size and scope of a proposed project, and in the case of a microenterprise or other small business to take into account the differences in the capacity and level of sophistication among businesses of differing sizes. Recipients are encouraged, when they develop their own programs and underwriting criteria, to also take these factors into account. The objectives of the underwriting guidelines are to ensure:

- (1) That project costs are reasonable;
- (2) That all sources of project financing are committed;
- (3) That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
- (4) That the project is financially feasible;
- (5) That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and

(6) That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

(b) *Standards for evaluating public benefit.* The grantee is responsible for making sure that at least a minimum level of public benefit is obtained from the expenditure of CDBG funds under the categories of eligibility governed by these guidelines. The standards set forth below identify the types of public benefit that will be recognized for this purpose and the minimum level of each that must be obtained for the amount of CDBG funds used. Unlike the guidelines for project costs and financial requirements covered under paragraph (a) of this section, the use of the standards for public benefit is mandatory. Certain public facilities and improvements eligible under §570.201(c) of the regulations, which are undertaken for economic development purposes, are also subject to these standards, as specified in §570.208(a)(4)(vi)(F)( 2 ).

(1) *Standards for activities in the aggregate.* Activities covered by these guidelines must, in the aggregate, either:

(i) Create or retain at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used; or

(ii) Provide goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted businesses amounts to at least one low- and moderate-income person per \$350 of CDBG funds used.

(2) *Applying the aggregate standards.* (i) A metropolitan city, an urban county, a non-entitlement CDBG grantee in Hawaii, or an Insular Area shall apply the aggregate standards under paragraph (b)(1) of this section to all applicable activities for which CDBG funds are first obligated within each single CDBG program year, without regard to the source year of the funds used for the activities. For Insular Areas, the preceding sentence applies to grants received in program years after Fiscal Year 2004. A grantee under the HUD-administered Small Cities Program, or Insular Areas CDBG grants prior to Fiscal Year 2005, shall apply the aggregate standards under paragraph (b)(1) of this section to all funds obligated for applicable activities from a given grant; program income obligated for applicable activities will, for these purposes, be aggregated with the most recent open grant. For any time period in which a community has no open HUD-administered or Insular Areas grants, the aggregate standards shall be applied to all applicable activities for which program income is obligated during that period.

(ii) The grantee shall apply the aggregate standards to the number of jobs to be created/retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, the grantee may elect to count the activity under either the jobs standard or the area resident's standard, but not both.

(iv) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the aggregate standards.

(v) Any activity subject to these guidelines which meets one or more of the following criteria may, at the grantee's option, be excluded from the aggregate standards described in paragraph (b)(1) of this section:

(A) Provides jobs exclusively for unemployed persons or participants in one or more of the following programs:

( 1 ) Jobs Training Partnership Act (JTPA);

( 2 ) Jobs Opportunities for Basic Skills (JOBS); or

( 3 ) Aid to Families with Dependent Children (AFDC);

(B) Provides jobs predominantly for residents of Public and Indian Housing units;

(C) Provides jobs predominantly for homeless persons;

(D) Provides jobs predominantly for low-skilled, low- and moderate-income persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training;

(E) Provides jobs predominantly for persons residing within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(F) Provides assistance to business(es) that operate(s) within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(G) Stabilizes or revitalizes a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;

(H) Provides assistance to a Community Development Financial Institution that serve an area that is predominantly low- and moderate-income persons;

(I) Provides assistance to a Community-Based Development Organization serving a neighborhood that has at least 70 percent of its residents who are low- and moderate-income;

(J) Provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of low- and moderate-income and minority persons;

(K) With prior HUD approval, provides substantial benefit to low-income persons through other innovative approaches;

(L) Provides services to the residents of an area pursuant to a strategy approved by HUD under the provisions of §91.215(e) of this title;

(M) Creates or retains jobs through businesses assisted in an area pursuant to a strategy approved by HUD under the provisions of §91.215(e) of this title.

(N) Directly involves the economic development or redevelopment of environmentally contaminated properties.

(3) *Standards for individual activities.* Any activity subject to these guidelines which falls into one or more of the following categories will be considered by HUD to provide insufficient public benefit, and therefore may under no circumstances be assisted with CDBG funds:

(i) The amount of CDBG assistance exceeds either of the following, as applicable:

(A) \$50,000 per full-time equivalent, permanent job created or retained; or

(B) \$1,000 per low- and moderate-income person to which goods or services are provided by the activity.

(ii) The activity consists of or includes any of the following:

(A) General promotion of the community as a whole (as opposed to the promotion of specific areas and programs);

(B) Assistance to professional sports teams;

(C) Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons;

(D) Acquisition of land for which the specific proposed use has not yet been identified; and

(E) Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous CDBG assistance provided by the recipient.

(4) *Applying the individual activity standards.* (i) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, it will be disqualified only if the amount of CDBG assistance exceeds both of the amounts in paragraph (b)(3)(i) of this section.

(ii) The individual activity standards in paragraph (b)(3)(i) of this section shall be applied to the number of jobs to be created or retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the individual activity standards in paragraph (b)(3)(i) of this section.

(c) *Amendments to economic development projects after review determinations.* If, after the grantee enters into a contract to provide assistance to a project, the scope or financial elements of the project change to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipient's guidelines. (This would include, for example, situations where the business requests a change in the amount or terms of assistance being provided, or an extension to the loan payment period required in the contract.) If a reevaluation of the project indicates that the financial elements and public benefit to be derived have also substantially changed, then the recipient should make appropriate adjustments in the amount, type, terms or conditions of CDBG assistance which has been offered, to reflect the impact of the substantial change. (For example, if a change in the project elements results in a substantial reduction of the total project costs, it may be appropriate for the recipient to reduce the amount of total CDBG assistance.) If the amount of CDBG assistance provided to the project is increased, the amended project must still comply with the public benefit standards under paragraph (b) of this section.

(d) *Documentation.* The grantee must maintain sufficient records to demonstrate the level of public benefit, based on the above standards, that is actually achieved upon completion of the CDBG-assisted economic development activity(ies) and how that compares to the level of such benefit anticipated when the CDBG assistance was obligated. If the grantee's actual results show a pattern of substantial variation from anticipated results, the grantee is expected to take all actions reasonably within its

control to improve the accuracy of its projections. If the actual results demonstrate that the recipient has failed the public benefit standards, HUD may require the recipient to meet more stringent standards in future years as appropriate.

[60 FR 1947, Jan. 5, 1995, as amended at 60 FR 17445, Apr. 6, 1995; 71 FR 30035, May 24, 2006; 72 FR 12535, Mar. 15, 2007; 72 FR 46370, Aug. 17, 2007]

## § 570.210 Prohibition on use of assistance for employment relocation activities.

(a) *Prohibition.* CDBG funds may not be used to directly assist a business, including a business expansion, in the relocation of a plant, facility, or operation from one LMA to another LMA if the relocation is likely to result in a significant loss of jobs in the LMA from which the relocation occurs.

(b) *Definitions.* The following definitions apply to this section:

(1) *Directly assist.* Directly assist means the provision of CDBG funds for activities pursuant to:

(i) §570.203(b); or

(ii) §§570.201(a)—(d), 570.201(l), 570.203(a), or §570.204 when the grantee, subrecipient, or, in the case of an activity carried out pursuant to §570.204, a Community Based Development Organization (CDBO) enters into an agreement with a business to undertake one or more of these activities as a condition of the business relocating a facility, plant, or operation to the grantee's LMA. Provision of public facilities and indirect assistance that will provide benefit to multiple businesses does not fall under the definition of “directly assist,” unless it includes the provision of infrastructure to aid a specific business that is the subject of an agreement with the specific assisted business.

(2) *Labor market area (LMA).* For metropolitan areas, an LMA is an area defined as such by the BLS. An LMA is an economically integrated geographic area within which individuals can live and find employment within a reasonable distance or can readily change employment without changing their place of residence. In addition, LMAs are nonoverlapping and geographically exhaustive. For metropolitan areas, grantees must use employment data, as defined by the BLS, for the LMA in which the affected business is currently located and from which current jobs may be lost. For non-metropolitan areas, an LMA is either an area defined by the BLS as an LMA, or a state may choose to combine non-metropolitan LMAs. States are required to define or reaffirm prior definitions of their LMAs on an annual basis and retain records to substantiate such areas prior to any business relocation that would be impacted by this rule. Metropolitan LMAs cannot be combined, nor can a non-metropolitan LMA be

combined with a metropolitan LMA. For the HUD-administered Small Cities Program, each of the three participating counties in Hawaii will be considered to be its own LMA. Recipients of Fiscal Year 1999 Small Cities Program funding in New York will follow the requirements for State CDBG recipients.

(3) *Operation.* A business operation includes, but is not limited to, any equipment, employment opportunity, production capacity or product line of the business.

(4) *Significant loss of jobs.* (i) A loss of jobs is significant if: The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA; or in all cases, a loss of 500 or more jobs. Notwithstanding the aforementioned, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

(ii) A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years of the provision of assistance to the business; or the time period within which jobs are to be created as specified by the agreement between the business and the recipient if it is longer than three years.

(c) *Written agreement.* Before directly assisting a business with CDBG funds, the recipient, subrecipient, or a CDBO (in the case of an activity carried out pursuant to §570.204) shall sign a written agreement with the assisted business. The written agreement shall include:

(1) *Statement.* A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another, and, if so, the number of jobs that will be relocated from each LMA;

(2) *Required information.* If the assistance will not result in a relocation covered by this section, a certification from the assisted business that neither it, nor any of its subsidiaries, has plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and

(3) *Reimbursement of assistance.* The agreement shall provide for reimbursement of any assistance provided to, or expended on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

(d) *Assistance not covered by this section.* This section does not apply to:

(1) *Relocation assistance.* Relocation assistance required by the Uniform Assistance and Real Property Acquisition Policies Act of 1970, (URA) (42 U.S.C. 4601–4655);

(2) *Microenterprises*. Assistance to microenterprises as defined by Section 102(a)(22) of the Housing and Community Development Act of 1974; and

(3) *Arms-length transactions*. Assistance to a business that purchases business equipment, inventory, or other physical assets in an arms-length transaction, including the assets of an existing business, provided that the purchase does not result in the relocation of the sellers' business operation (including customer base or list, goodwill, product lines, or trade names) from one LMA to another LMA and does not produce a significant loss of jobs in the LMA from which the relocation occurs.

[70 FR 76369, Dec. 23, 2005]

## Subpart D—Entitlement Grants

**Source:** 53 FR 34449, Sept. 6, 1988, unless otherwise noted.

### § 570.300 General.

This subpart describes the policies and procedures governing the making of community development block grants to entitlement communities and to non-entitlement counties in the State of Hawaii. The policies and procedures set forth in subparts A, C, J, K, and O of this part also apply to entitlement grantees and to non-entitlement grantees in the State of Hawaii. Sections 570.307 and 570.308 of this subpart do not apply to the Hawaii non-entitlement grantees.

[72 FR 46370, Aug. 17, 2007]

### § 570.301 Activity locations and float-funding.

The consolidated plan, action plan, and amendment submission requirements referred to in this section are those in 24 CFR part 91.

(a) For activities for which the grantee has not yet decided on a specific location, such as when the grantee is allocating an amount of funds to be used for making loans or grants to businesses or for residential rehabilitation, the description in the action plan or any amendment shall identify who may apply for the assistance, the process by which the grantee expects to select who will receive the assistance (including selection criteria), and how much and under what terms the assistance will be provided, or in the case of a planned public facility or improvement, how it expects to determine its location.

(b) *Float-funded activities and guarantees*. A recipient may use undisbursed funds in the line of credit and its CDBG program account that are budgeted in statements or action



plans for one or more other activities that do not need the funds immediately, subject to the limitations described below. Such funds shall be referred to as the “float” for purposes of this section and the action plan. Each activity carried out using the float must meet all of the same requirements that apply to CDBG-assisted activities generally, and must be expected to produce program income in an amount at least equal to the amount of the float so used. Whenever the recipient proposes to fund an activity with the float, it must include the activity in its action plan or amend the action plan for the current program year. For purposes of this section, an activity that uses such funds will be called a “float-funded activity.”

(1) Each float-funded activity must be individually listed and described as such in the action plan.

(2)(i) The expected time period between obligation of assistance for a float-funded activity and receipt of program income in an amount at least equal to the full amount drawn from the float to fund the activity may not exceed 2.5 years. An activity from which program income sufficient to recover the full amount of the float assistance is expected to be generated more than 2.5 years after obligation may not be funded from the float, but may be included in an action plan if it is funded from CDBG funds other than the float (e.g., grant funds or proceeds from an approved Section 108 loan guarantee).

(ii) Any extension of the repayment period for a float-funded activity shall be considered to be a new float-funded activity for these purposes and may be implemented by the grantee only if the extension is made subject to the same limitations and requirements as apply to a new float-funded activity.

(3) Unlike other projected program income, the full amount of income expected to be generated by a float-funded activity must be shown as a source of program income in the action plan containing the activity, whether or not some or all of the income is expected to be received in a future program year (in accordance with 24 CFR 91.220(g)(1)(ii)(D)).

(4) The recipient must also clearly declare in the action plan that identifies the float-funded activity the recipient's commitment to undertake one of the following options:

(i) Amend or delete activities in an amount equal to any default or failure to produce sufficient income in a timely manner. If the recipient makes this choice, it must include a description of the process it will use to select the activities to be amended or deleted and how it will involve citizens in that process; and it must amend the applicable statement(s) or action plan(s) showing those amendments or deletions promptly upon determining that the float-funded activity will not generate sufficient or timely program income;

(ii) Obtain an irrevocable line of credit from a commercial lender for the full amount of the float-funded activity and describe the lender and terms of such line of credit in the action plan that identifies the float-funded activity. To qualify for this purpose, such line of credit must be unconditionally available to the recipient in the amount of any shortfall within 30 days of the date that the float-funded activity fails to generate the projected amount of program income on schedule;

(iii) Transfer general local government funds in the full amount of any default or shortfall to the CDBG line of credit within 30 days of the float-funded activity's failure to generate the projected amount of the program income on schedule; or

(iv) A method approved in writing by HUD for securing timely return of the amount of the float funding. Such method must ensure that funds are available to meet any default or shortfall within 30 days of the float-funded activity's failure to generate the projected amount of the program income on schedule.

(5) When preparing an action plan for a year in which program income is expected to be received from a float-funded activity, and such program income has been shown in a prior statement or action plan, the current action plan shall identify the expected income and explain that the planned use of the income has already been described in prior statements or action plans, and shall identify the statements or action plans in which such descriptions may be found.

[60 FR 56913, Nov. 9, 1995]

## § 570.302 Submission requirements.

In order to receive its annual CDBG entitlement grant, a grantee must submit a consolidated plan in accordance with 24 CFR part 91. That part includes requirements for the content of the consolidated plan, for the process of developing the consolidated plan, including citizen participation provisions, for the submission date, for HUD approval, and for the amendment process.

(Approved by the Office of Management and Budget under control number 2506–0117)

[60 FR 1915, Jan. 5, 1995]

## § 570.303 Certifications.

The jurisdiction must make the certifications that are set forth in 24 CFR part 91 as part of the consolidated plan.

(Approved by the Office of Management and Budget under control number 2506–0117)

[60 FR 1915, Jan. 5, 1995]

#### § 570.304 Making of grants.

(a) *Approval of grant.* HUD will approve a grant if the jurisdiction's submissions have been made and approved in accordance with 24 CFR part 91, and the certifications required therein are satisfactory to the Secretary. The certifications will be satisfactory to the Secretary for this purpose unless the Secretary has determined pursuant to subpart O of this part that the grantee has not complied with the requirements of this part, has failed to carry out its consolidated plan as provided under §570.903, or has determined that there is evidence, not directly involving the grantee's past performance under this program, that tends to challenge in a substantial manner the grantee's certification of future performance. If the Secretary makes any such determination, however, further assurances may be required to be submitted by the grantee as the Secretary may deem warranted or necessary to find the grantee's certification satisfactory.

(b) *Grant agreement.* The grant will be made by means of a grant agreement executed by both HUD and the grantee.

(c) *Grant amount.* The Secretary will make a grant in the full entitlement amount, generally within the last 30 days of the grantee's current program year, unless:

1) Either the consolidated plan is not received by August 16 of the federal fiscal year for which funds are appropriated or the consolidated plan is not approved under 24 CFR part 91, subpart F—in which case, the grantee will forfeit the entire entitlement amount; or

(2) The grantee's performance does not meet the performance requirements or criteria prescribed in subpart O and the grant amount is reduced.

[53 FR 34449, Sept. 6, 1988, as amended at 60 FR 1915, Jan. 5, 1995; 60 FR 16379, Mar. 30, 1995; 60 FR 56913, Nov. 9, 1995]

#### § 570.307 Urban counties.

(a) *Determination of qualification.* The Secretary will determine the qualifications of counties to receive entitlements as urban counties upon receipt of qualification documentation from counties at such time, and in such manner and form as prescribed by HUD. The Secretary shall determine eligibility and applicable portions of each eligible county for purposes of fund allocation under section 106 of the Act on the basis of information available from the U.S. Bureau of the Census with respect to population and other pertinent demographic characteristics, and based on information provided by the county and its included units of general local government.

(b) *Qualification as an urban county.* (1) A county will qualify as an urban county if such county meets the definition at §570.3(3). As necessitated by this definition, the Secretary shall determine which counties have authority to carry out essential community development and housing assistance activities in their included units of general local government without the consent of the local governing body and which counties must execute cooperation agreements with such units to include them in the urban county for qualification and grant calculation purposes.

(2) At the time of urban county qualification, HUD may refuse to recognize the cooperation agreement of a unit of general local government in an urban county where, based on past performance and other available information, there is substantial evidence that such unit does not cooperate in the implementation of the essential community development or housing assistance activities or where legal impediments to such implementation exist, or where participation by a unit of general local government in noncompliance with the applicable law in subpart K would constitute noncompliance by the urban county. In such a case, the unit of general local government will not be permitted to participate in the urban county, and its population or other needs characteristics will not be considered in the determination of whether the county qualifies as an urban county or in determining the amount of funds to which the urban county may be entitled. HUD will not take this action unless the unit of general local government and the county have been given an opportunity to challenge HUD's determination and to informally consult with HUD concerning the proposed action.

(c) *Essential activities.* For purposes of this section, the term "essential community development and housing assistance activities" means community renewal and lower income housing activities, specifically urban renewal and publicly assisted housing. In determining whether a county has the required powers, the Secretary will consider both its authority and, where applicable, the authority of its designated agency or agencies.

(d) *Period of qualification.* (1) The qualification by HUD of an urban county shall remain effective for three successive Federal fiscal years regardless of changes in its population during that period, except as provided under paragraph (f) of this section and except as provided under §570.3(3) where the period of qualification shall be two successive Federal fiscal years.

(2) During the period of qualification, no included unit of general local government may withdraw from nor be removed from the urban county for HUD's grant computation purposes.

(3) If some portion of an urban county's unincorporated area becomes incorporated during the urban county qualification period, the newly incorporated unit of general local government shall not be excluded from the urban county nor shall it be eligible for a separate grant under subpart D, F, or I until the end of the urban county's current

qualification period, unless the urban county fails to receive a grant for any year during that qualification period.

(e) *Grant ineligibility of included units of general local government.* (1) An included unit of general local government cannot become eligible for an entitlement grant as a metropolitan city during the period of qualification of the urban county (even if it becomes a principal city of a metropolitan area or its population surpasses 50,000 during that period). Rather, such a unit of general local government shall continue to be included as part of the urban county for the remainder of the urban county's qualification period, and no separate grant amount shall be calculated for the included unit.

(2) An included unit of general local government which is part of an urban county shall be ineligible to apply for grants under subpart F, or to be a recipient of assistance under subpart I, during the entire period of urban county qualification.

(f) *Failure of an urban county to receive a grant.* Failure of an urban county to receive a grant during any year shall terminate the existing qualification of that urban county, and that county shall requalify as an urban county before receiving an entitlement grant in any successive Federal fiscal year. Such termination shall release units of general local government included in the urban county, in subsequent years, from the prohibition to receive grants under paragraphs (d)(3), (e)(1) and (e)(2) of this section. For this purpose an urban county shall be deemed to have received a grant upon having satisfied the requirements of sections 104 (a), (b), (c), and (d) of the Act, without regard to adjustments which may be made to this grant amount under section 104(e) or 111 of the Act.

(g) *Notifications of the opportunity to be excluded.* Any county seeking to qualify for an entitlement grant as an urban county for any Federal fiscal year shall notify each unit of general local government which is located, in whole or in part, within the county and which would otherwise be included in the urban county, but which is eligible to elect to have its population excluded from that of the urban county, that it has the opportunity to make such an election, and that such an election, or the failure to make such an election, shall be effective for the period for which the county qualifies as an urban county. These notifications shall be made by a date specified by HUD. A unit of general local government which elects to be excluded from participation as a part of the urban county shall notify the county and HUD in writing by a date specified by HUD. Such a unit of government may subsequently elect to participate in the urban county for the remaining one or two year period by notifying HUD and the county, in writing, of such election by a date specified by HUD.

[53 FR 34449, Sept. 6, 1988, as amended at 56 FR 56127, Oct. 31, 1991; 68 FR 69582, Dec. 12, 2003]

## § 570.308 Joint requests.

(a) *Joint requests and cooperation agreements.* (1) Any urban county and any metropolitan city located, in whole or in part, within that county may submit a joint request to HUD to approve the inclusion of the metropolitan city as a part of the urban county for purposes of planning and implementing a joint community development and housing program. Such a joint request shall only be considered if submitted at the time the county is seeking a three year qualification or requalification as an urban county.

Such a joint request shall, upon approval by HUD, remain effective for the period for which the county is qualified as an urban county. An urban county may be joined by more than one metropolitan city, but a metropolitan city located in more than one urban county may only be included in one urban county for any program year. A joint request shall be deemed approved by HUD unless HUD notifies the city and the county of its disapproval and the reasons therefore within 30 days of receipt of the request by HUD.

(2) Each metropolitan city and urban county submitting a joint request shall submit an executed cooperation agreement to undertake or to assist in the undertaking of essential community development and housing assistance activities, as defined in §570.307(c).

(b) *Joint grant amount.* The grant amount for a joint recipient shall be the sum of the amounts authorized for the individual entitlement grantees, as described in section 106 of the Act. The urban county shall be the grant recipient.

(c) *Effect of inclusion.* Upon urban county qualification and HUD approval of the joint request and cooperation agreement, the metropolitan city shall be considered a part of the urban county for purposes of program planning and implementation for the period of the urban county qualification, and shall be treated the same as any other unit of general local government which is part of the urban county.

(d) *Submission requirements.* In requesting a grant under this part, the urban county shall make a single submission which meets the submission requirements of 24 CFR part 91 and covers all members of the joint recipient.

[53 FR 34449, Sept. 6, 1988, as amended at 60 FR 1915, Jan. 5, 1995]

## § 570.309 Restriction on location of activities.

CDBG funds may assist an activity outside the jurisdiction of the grantee only if the grantee determines that such an activity is necessary to further the purposes of the Act and the recipient's community development objectives, and that reasonable benefits from the activity will accrue to residents within the jurisdiction of the grantee. The

grantee shall document the basis for such determination prior to providing CDBG funds for the activity.

[60 FR 56914, Nov. 9, 1995]

End

## **APPENDIX II**

**Certification Regarding Lobbying**  
**Drug Free Workplace Requirements**  
**Disability Nondiscrimination Affidavit**  
**Religious Organization Requirements**  
**Certification Regarding Construction/Rehabilitation**  
**Lead Based Paint Requirements**



**CITY OF MIAMI BEACH  
CERTIFICATION REGARDING LOBBYING**

**Name of Recipient:** CITY OF MIAMI BEACH  
**Name of Sub-recipient:** \_\_\_\_\_  
**Grant Program Name:** COMMUNITY DEVELOPMENT BLOCK GRANT  
**Funding Year:** 2011/2012  
**Date:** \_\_\_\_\_

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all individuals receiving sub-awards shall certify and disclose accordingly.

**Name of Organization**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Authorized Signatory

\_\_\_\_\_  
Print Title of Authorized Signatory

**CITY OF MIAMI BEACH  
CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

**Name of Recipient:** CITY OF MIAMI BEACH

**Name of Sub-recipient:** \_\_\_\_\_

**Grant Program Name:** COMMUNITY DEVELOPMENT BLOCK GRANT

**Funding Year:** 2011/2012

**Date:** \_\_\_\_\_

The Provider shall insert in the space provided below the site(s) expected to be used for the performance of work under the grant covered by the certification:

Place of Performance (include street address, city, county, state, zip code for each site):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature

Date

\_\_\_\_\_  
Name of Authorized Signatory

\_\_\_\_\_  
Title of Authorized Signatory

\_\_\_\_\_

\_\_\_\_\_

**CITY OF MIAMI BEACH**

**ACKNOWLEDGEMENT OF DISABILITY NONDISCRIMINATION AFFIDAVIT**

CONTRACT REFERENCE **CDBG CONTRACT YEAR 37, Fiscal Year 2011/2012**

Name of Organization:

Authorized Agent Completing Affidavit:

Title/Position:

Telephone:

E-Mail Address:

I, \_\_\_\_\_, being duly first sworn state that the above named form, corporation or organization is in compliance with and agrees to continue to comply with, and assure that any subcontractor, or third party contractor under this project complies with all applicable requirements of the laws listed below including, but not limited to, those provisions pertaining to employment, provision of programs and services, transportation, communications, access to facilities, renovations, and new construction.

- The Americans with Disabilities Act of 1990 (ADA): Pub. L. 101-336, 104 Stat 327, 42 U.S.C. 12101-12213 and 547 U.S.C. Sections 225 and 611 including Title I, Employment; Title II, Public Services; Title III, Public Accommodations and Services Operated by Private Entities; Title IV, Telecommunications; and Title V, Miscellaneous Provisions.
- The Rehabilitation Act of 1973: 29 U.S.C. Section 794.
- The Federal Transit Act, as amended: 49 U.S.C. Section 1612.
- The Fair Housing Act as amended: 42 U.S.C. Section 3601-3631.

Signature

Date

\_\_\_\_\_

\_\_\_\_\_

**SUBSCRIBED AND SWORN TO** (or affirmed) before me on  
\_\_\_\_\_ by \_\_\_\_\_

(Date)

\_\_\_\_\_. He/She is personally known to  
me or has

(Affiant)

presented \_\_\_\_\_ as identification.

(Type of identification)

Signature of Notary

Serial Number

\_\_\_\_\_

\_\_\_\_\_

Print or Stamp of Notary

Expiration Date

\_\_\_\_\_

Notary Public \_\_\_\_\_ (State) Notary Seal

**The City of Miami Beach will not award a contract to any firm, corporation or organization that fails to complete and submit this Affidavit with the firm, corporation or organization's bid or proposal or fails to have this Affidavit on file with the City of Miami Beach.**

**CITY OF MIAMI BEACH**  
**CERTIFICATION OF CDBG-FUNDED CONSTRUCTION/REHABILITATION**  
**PROJECTS**

**If the Provider anticipates using CDBG funds for construction or rehabilitation, the following federal and City of Miami Beach requirements must be acknowledged:**

- A. All construction or rehabilitation plans and specifications for the project must be approved by the City's departments of: Planning; Office of Real Estate, Housing & Community Development; Public Works; Building; Code Compliance; and Fire. If the project is located in the Miami Beach Architectural District, or affects a building listed or eligible for listing on the National Register of Historic Places, all plans and specifications must be approved by the State Historic Preservation Office (SHPO), in accordance with the Memorandum of Understanding between the SHPO and the City.
- B. The City shall not be obligated to pay any funds to the project prior to the completion by the City of an environmental review of the project, and said review is approved by any government agencies as may be required by law.
- C. The Provider will assure all wages paid to construction workers by it or its subcontractors are in compliance with federal, state and local labor requirements. The Provider agrees to include in the construction bid specifications in connection with this agreement the applicable Federal Wage Determination assigned to this project by HUD. The Provider must also inform his contractor/subcontractors that they will be required to submit documents after a city-conducted pre-construction conference and prior to construction. Weekly and/or monthly reports must be submitted thereafter, as required by the federal government.
- D. The Provider agrees to comply with, and to assure that its subcontractors comply with, the federal Office of Management and Budget (OMB) Circular Number A-102 Attachment E for programs funded in whole or in part by CDBG funds; with federal OMB Circular A-102 Attachment O for the procurement of supplies, equipment, construction and services; and with Federal Management Circular A-87; or any other applicable OMB circular.
- E. Pursuant to Section 109 of the Act, the Provider specifically agrees that no person shall be denied the benefits of the program on the grounds of race, color, sex, religion or national origin.
- F. The Provider agrees, on its own behalf and on behalf of its contractors and subcontractors, to take affirmative action in attempting to employ low income and minority persons, as mandated by law.
- G. As required by OMB Circular Number A-102, and by Florida Statutes Section 287.055, professional services must be competitively selected. The competitive selection process must include a public advertisement; issuance of a request for proposal and a competitive review based on uniform criteria. Selection criteria must consider the basic qualifications, professional competence, experience and suitability of each firm. Fees for professional services must be requested as a fixed sum and not stated as a percentage of construction costs.
- H. All documents, bid specifications, notices and construction drawings must be submitted for the review and approval of the Neighborhood Services Department prior to public advertisement.

- I. The bidding process for construction contracts must include a formal advertisement, published in The Miami Review, Dodge Reports and The Miami Builder's Exchange. This announcement must include the following:
  1. The date, time and place that bid documents are available, and the same information for any pre-bid conferences and receipt of bids.
  2. The requirement of bid surety in the amount of ten percent (10%) of the bid, and a performance and payment bond equal to 100% of the award.
  3. A standard statement regarding the "in whole or in part" federal funding of the project and the various applicable federal regulations.
- J. The City reserves the right to be present at the time of bid openings. If City CDBG monies are the sole funding source, the City may require that bids be received and opened by the City's Procurement Department.
- K. The Provider agrees to submit to the City's Office of Real Estate, Housing & Community Development all documentation of the steps followed in the selection of professional services and construction contracts.
- L. The Provider agrees to specify a time of completion and include a liquidated damage clause in all construction contracts. Cost plus a percentage of cost, and percentage of construction cost contracts will not be permitted.
- M. If the Provider is awarded CDBG funds, other conditions and requirements will be specified in the funding agreement.
- N. The Provider agrees that it will not start construction until an official "Notice to Proceed" has been issued.
- O. Pursuant to 570.608 of the CDBG Regulations, and the new provisions in the Economic and Community Development Act of 1974 as amended, the Provider agrees to comply with the inspection, notification, testing and abatement procedures concerning lead-based paint.

**I hereby acknowledge that I have read the specific requirements contained in this Certification, and that eligibility of my organization's project depends upon compliance with the requirements contained in this document.**

**Name of Organization:** \_\_\_\_\_

Signature

Date

\_\_\_\_\_

\_\_\_\_\_

Name of Authorized Signatory

Title of Authorized Signatory

\_\_\_\_\_

\_\_\_\_\_

**CERTIFICATION OF  
LEAD-BASED PAINT REQUIREMENTS**

**APPLICABILITY:**

- A. The lead based paint rule applies to CDBG-funded housing activities involving construction, purchase and rehabilitation.
- B. The following housing rehabilitation activities are excepted:
  - 1. Emergency repairs (but not lead based paint-related emergency repairs)
  - 2. Weatherizing
  - 3. Water and/or sewer hookups
  - 4. Installation of security devices
  - 5. Facilitation of tax exempt bond issuances for funds
  - 6. Other single-purpose activities that do not include physical repairs or remodeling of applicable surfaces
  - 7. Other activities that do not involve applicable surfaces and do not exceed \$3,000 per unit.

**INSPECTION AND TESTING REQUIREMENTS:**

The Provider shall be required to test the lead content of chewable surfaces of an apartment building to be rehabilitated, if there is a family residing in one of the units with a child under seven years of age with an identified elevated blood level condition (concentration of lead in blood of 25 micrograms per deciliter or greater) and the building was constructed prior to 1978.

Chewable surfaces are defined as all exterior surfaces of a residential structure, up to five feet from the floor or ground, such as: a wall, stairs, deck, porch, railing, windows or doors that are readily accessible to children under seven years of age, and all interior surfaces of a residential structure.

Lead content shall be tested by using an x-ray fluorescence analyzer or other method approved by HUD. Test readings of 1 mg/cm or higher shall be considered positive for presence of lead based paint.

**REQUIRED TREATMENT:**

Treatment of lead based paint conditions must be included as part of the proposed rehabilitation work. All chewable surfaces in any room found to contain lead based paint must be treated before final inspection and approval of work. Similarly, all exterior chewable surfaces must be treated when they are found to contain lead based paint.

Minimum treatment involves covering or removing the painted surfaces. Washing and repainting without thorough removal or covering does not constitute adequate treatment. Covering can be achieved by adding a layer of gypsum wallboard or fiberglass cloth barrier. Depending on the wall condition, permanently attached, non-strippable wallpaper may be applied. Covering or replacing trim surfaces is also permitted. Removal can be accomplished by scraping, heat treatment (infrared or coil type heat guns) or chemicals. Machine sanding and propane torch use are not allowed.

**I hereby acknowledge that I have read the specific requirements for lead based paint contained in this Certification, and understand that my organization's project eligibility depends upon compliance with the requirements contained in this document.**

**Name of Organization:** \_\_\_\_\_

Signature

Date

\_\_\_\_\_  
Name of Authorized Signatory

\_\_\_\_\_  
Title of Authorized Signatory

**CITY OF MIAMI BEACH**  
**CERTIFICATION OF RELIGIOUS ORGANIZATION REQUIREMENTS**

In accordance with First Amendment of the U.S. Constitution - "church/state principles", CDBG assistance may not, as a general rule, be provided to primarily religious entities for any secular or religious activities.

Therefore, the following restrictions and limitations apply to any provider which represents that it is, or may be deemed to be, a religious or denominational institution or an organization operated for religious purposes which is supervised or controlled by or operates in connection with a religious or denominational institution or organization.

A religious entity that applies for and is awarded CDBG funds for public service activities must agree to the following:

1. It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
2. It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
3. It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;
4. The portion of a facility used to provide public services assisted in whole or in part under this Agreement shall contain no sectarian or religious symbols or decorations; and

The funds received under this Agreement shall not be used to construct, rehabilitate, or restore any facility which is owned by the Provider and in which the public services are to be provided. However, minor repairs may be made if such repairs are directly related to the public services; are located in a structure used exclusively for non-religious purposes; and constitute, in dollar terms, only a minor portion of the CDBG expenditure for the public services.

**I hereby acknowledge that I have read the specific requirements contained in this Certification, and that eligibility of my organization's project depends upon compliance with the requirements contained in this document.**

**Name of Organization:** \_\_\_\_\_

Signature

Date

\_\_\_\_\_  
Name of Authorized Signatory

\_\_\_\_\_  
Title of Authorized Signatory

## **APPENDIX III**

### **Low and Moderate Income Levels**



**City of Miami Beach**  
**HUD Median Income Limits**

**STATE: FLORIDA**  
**HMFA: Miami – Miami Beach - Kendall, FL**

A low income or a moderate income household is defined as: a household having an income equal to, or less than, the limits cited below. Individuals who are unrelated but are sharing the same household shall each be considered as one-person households.

## **FY 2010 Income Limits Documentation System**

### **FY 2010 Income Limits Summary**

| Miami-Miami Beach-Kendall, FL HUD Metro FMR Area                        |                          |  |             |             |             |                 |             |             |             |             |
|---|--------------------------|--|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|
| FY 2010<br>Income<br>Limit<br>Area                                      | <u>Median<br/>Income</u> | FY 2010<br>Income<br>Limit<br>Category                   | 1<br>Person | 2<br>Person | 3<br>Person | 4<br>Person     | 5<br>Person | 6<br>Person | 7<br>Person | 8<br>Person |
| Miami-<br>Miami<br>Beach-<br>Kendall,<br>FL HUD<br>Metro<br>FMR<br>Area | \$50,800                 | <u>Very Low<br/>(50%)<br/>Income<br/>Limits</u>          | \$23,600    | \$26,950    | \$30,350    | <b>\$33,700</b> | \$36,400    | \$39,100    | \$41,800    | \$44,500    |
|   |                          | <u>Extremely<br/>Low<br/>(30%)<br/>Income<br/>Limits</u> | \$14,150    | \$16,150    | \$18,200    | <b>\$20,200</b> | \$21,800    | \$23,450    | \$25,050    | \$26,650    |
|   |                          | <u>Low<br/>(80%)<br/>Income<br/>Limits</u>               | \$37,750    | \$43,100    | \$48,500    | <b>\$53,900</b> | \$58,200    | \$62,500    | \$66,850    | \$71,150    |

NOTE: Miami-Miami Beach-Kendall, FL HUD Metro FMR Area contains Miami-Dade County, FL.

Income Limit areas are based on FY 2010 Fair Market Rent (FMR) areas. For a detailed account of how this area is derived please see our associated FY 2010 [Fair Market Rent documentation system](#).

Notes: Extremely Low Income = 30% of Median Income  
Very Low Income = 50% of Median Income  
Low Income = 80% of Median Income

Source: *U.S. Department of Housing and Urban Development*

## **APPENDIX IV**

### **Census Tracks & Maps**

|  | Census Tract/<br>Block Group | Total<br>Persons | Total Low/Mod<br>Persons | Year 2000<br>%<br>Low/Mod |
|--|------------------------------|------------------|--------------------------|---------------------------|
| <b>North Beach</b>   |                              |                  |                          |                           |
| Stillwater/Biscayne Point/North<br>Shore 77 <sup>th</sup> N  | 39.01-1                      | 1149             | 767                      | 64.9                      |
|  | 39.01-2                      | 918              | 442                      | 53.6                      |
|  | 39.01-3                      | 745              | 496                      | 69.3                      |
|  | 39.01-4                      | 998              | 572                      | 60.3                      |
|  | 39.01-5                      | 2621             | 1652                     | 65                        |
|  | 39.01-6                      | 2270             | 1547                     | 65.3                      |
|  | 39.01-7                      | 1793             | 574                      | 32                        |
| Normandy/North Shore 71 <sup>st</sup> to<br>77 <sup>th</sup> | 39.05-1                      | 1967             | 844                      | 44                        |
|  | 39.05-2                      | 3841             | 2606                     | 67.9                      |
|  | 39.05-3                      | 887              | 274                      | 31.2                      |
|  | 39.05-4                      | 3650             | 2390                     | 64.4                      |
| La Gorce/Alton Road<br>North Bay Road                        | 39.06-6                      | 620              | 54                       | 8.7                       |
|  | 39.06-7                      | 1506             | 155                      | 9.6                       |
|  | 39.06-8                      | 448              | 18                       | 4.2                       |
| North Shore 71 <sup>st</sup> to 63 <sup>rd</sup>             | 39.07-1                      | 1203             | 919                      | 78.1                      |
|  | 39.07-2                      | 1846             | 1359                     | 73.9                      |
|  | 39.07-3                      | 1743             | 947                      | 55.9                      |
|  | 39.07-4                      | 2473             | 1479                     | 59.8                      |
|  | 39.07-5                      | 1609             | 756                      | 47                        |
| Condo Canyon 44 <sup>th</sup> to 63 <sup>rd</sup>            | 39.08-1                      | 1202             | 198                      | 16.4                      |
|  | 39.08-2                      | 4628             | 1148                     | 25.2                      |
| <b>Total North Beach</b>                                     | -----                        | <b>38,117</b>    | <b>19,197</b>            | <b>50.36</b>              |
|  | Census Tract/<br>Block Group | Total<br>Persons | Total Low/Mod<br>Persons | Year 2000 %<br>Low/Mod    |
| <b>Middle Beach</b>  |                              |                  |                          |                           |
| Middle Beach (38 <sup>th</sup> to Lake)                      | 40.00-1                      | 262              | 112                      | 45.5                      |
|  | 40.00-2                      | 1224             | 357                      | 29.3                      |
|  | 40.00-3                      | 713              | 109                      | 15.4                      |
|  | 40.00-4                      | 496              | 95                       | 22.3                      |
|  | 40.00-5                      | 529              | 142                      | 29.9                      |
|  | 40.00-6                      | 774              | 138                      | 16                        |
|  | 40.00-7                      | 1107             | 208                      | 18.8                      |
|  | 40.00-8                      | 58               | 0                        | 0                         |
| <b>Total Middle Beach</b>                                    | -----                        | <b>5163</b>      | <b>1161</b>              | <b>22.4</b>               |

|  | Census<br>Tract/<br>Block Group | Total<br>Persons | Total Low/Mod<br>Persons | Year 2000 %<br>Low/Mod |
|--|---------------------------------|------------------|--------------------------|------------------------|
| <b>South Beach</b>   |                                 |                  |                          |                        |
| Bayshore, Sunset Islands<br>Mid Beach<br>33 <sup>rd</sup> -41 <sup>st</sup> Street,<br>Ocean to Indian Creek Drive | 41.01-1                         | 1047             | 764                      | 75.6                   |
|  | 41.01-2                         | 2987             | 1344                     | 47.8                   |
|  | 41.01-3                         | 1407             | 552                      | 36.6                   |
|  | 41.01-4                         | 1565             | 414                      | 24.3                   |
|  | 41.01-5                         | 1466             | 241                      | 17.2                   |
| Islands  | 41.02-1                         | 2255             | 324                      | 14.8                   |
|  | 41.02-2                         | 821              | 64                       | 7.9                    |
| Lincoln Road West  | 42.01-1                         | 898              | 429                      | 45.3                   |
|  | 42.01-2                         | 1617             | 1068                     | 68.2                   |
|  | 42.01-3                         | 1880             | 704                      | 37.8                   |
|  | 42.01-4                         | 1228             | 609                      | 49.8                   |
| Lincoln Road East  | 42.02-1                         | 2121             | 1428                     | 73.2                   |
|  | 42.02-2                         | 1409             | 649                      | 48.9                   |
|  | 42.02-3                         | 1856             | 1045                     | 54.7                   |
| Flamingo (10/11 <sup>th</sup> to 15 <sup>th</sup> )  | 43.00-1                         | 566              | 347                      | 64.3                   |
|  | 43.00-2                         | 204              | 129                      | 63.2                   |
|  | 43.00-3                         | 2060             | 1139                     | 54.1                   |
|  | 43.00-4                         | 762              | 349                      | 47.7                   |
|  | 43.00-5                         | 1345             | 491                      | 37.9                   |
|  | 43.00-6                         | 432              | 130                      | 36.2                   |
|  | 43.00-7                         | 3007             | 1484                     | 47.3                   |
| Flamingo West (3 <sup>rd</sup> to 10 <sup>th</sup> )   | 44.01-1                         | 2164             | 716                      | 35.2                   |
|  | 44.01-2                         | 1704             | 1102                     | 62.8                   |
|  | 44.01-3                         | 1827             | 1158                     | 65.5                   |
|  | 44.01-4                         | 468              | 326                      | 68.3                   |
| Flamingo East (3 <sup>rd</sup> to 11 <sup>th</sup> )   | 44.02-1                         | 634              | 289                      | 47.3                   |
|  | 44.02-2                         | 1707             | 957                      | 62.9                   |
|  | 44.02-3                         | 836              | 735                      | 83.1                   |
|  | 44.02-4                         | 779              | 355                      | 53.9                   |
|  | 44.02-5                         | 1572             | 1112                     | 68.4                   |
| South Pointe, Fisher Island,<br>Coast Guard  | 45.00-1                         | 781              | 376                      | 46.8                   |
|  | 45.00-2                         | 1187             | 668                      | 72.1                   |
|  | 45.00-3                         | 61               | 0                        | 0                      |
| <b>Total South Beach</b>   | -----                           | <b>44,653</b>    | <b>21,498</b>            | <b>48.14</b>           |





